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# ***JPRS Report***

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# **East Europe**

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# East Europe

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## CONTENTS

12 October 1990

### POLITICAL

#### BULGARIA

Opposition Daily Analyzes Militia Strike .....	1
Low Pay, Poor Benefits <i>[DEMOKRATSIYA 14 Aug]</i> .....	1
Draft Law Criticized <i>[DEMOKRATSIYA 14 Aug]</i> .....	1

#### CZECHOSLOVAKIA

Czech-Slovak Relationship in Historical Perspective <i>[REPORTER 21 May]</i> .....	2
Western Help Sought for Preservation of Prague's Little Quarter <i>[Frankfurt/Main FRANKFURTER ALLGEMEINE 10 Aug]</i> .....	4
Equating Entrepreneurship With Profiteering Blocks Progress <i>[SIGNAL 6 Aug]</i> .....	6

#### HUNGARY

Soviet Oil Cutback: Alternate Sources, Austrian Pipeline Considered <i>[NEPSZABADSAG 18 Jul]</i> .....	8
Newspaper Buyout: MSZP-Springer Collusion Probed .....	8
MSZP Business Manager Comments <i>[NEPSZABADSAG 11 May]</i> .....	8
Text of Parliament Resolution <i>[NEPSZABADSAG 11 May]</i> .....	9
Prosecutor, Politicians Comment <i>[NEPSZABADSAG 11 May]</i> .....	10

#### POLAND

Property Damage to Countryside by Soviet Military Equipment Viewed <i>[PRAWO I ZYCIE 18 Aug]</i> .....	11
Council of Ministers' Constitutional Powers Viewed as Too Strong <i>[TYGODNIK SOLIDAROSC 10 Aug]</i> .....	13
Kozlowski on Internal Affairs Ministry, Foreign Cooperation <i>[PRAWO I ZYCIE 15 Sep]</i> .....	15
Ethnic Minorities: Numbers; Need for Law To Protect Rights Viewed <i>[RZECZPOSPOLITA 8 Aug]</i> .....	17
Draft Laws for Radio, Television Reviewed <i>[GAZETA WYBORCZA 27 Jul]</i> .....	18

#### YUGOSLAVIA

Election Program of Macedonian Communists <i>[NOVA MAKEDONIJA 3 Aug]</i> .....	20
--	----

### ECONOMIC

#### CZECHOSLOVAKIA

Klaus Reviews Economic Performance Since November <i>[OBCANSKY DENIK 24 Aug]</i> .....	31
Belcak on Autonomy of Slovak Economy <i>[SLOVENSKY DENNIK 20 Aug]</i> .....	31
Meeting in Trencianske Teplice; Comments .....	34
Federal, Czech Stand Criticized <i>[LIDOVE NOVINY 18 Aug]</i> .....	34
Czech Representatives on Defensive <i>[FORUM 21 Aug]</i> .....	35
Apology for Czechoslovakism <i>[SVOBODNE SLOVO 18 Aug]</i> .....	36
Christian Democrat Statement Questioned <i>[OBCANSKY DENIK 18 Aug]</i> .....	37
Separatism Linked With Excesses of the Past <i>[LIDOVÁ DEMOKRACIE 20 Aug]</i> .....	37

**HUNGARY**

First Six Months' Monetary Situation Analyzed *[FIGYELO 30 Aug]* ..... 37

**POLAND**

Prospects for Japanese Business Efforts Viewed *[ZYCIE GOSPODARCZE 29 Jul]* ..... 39  
Association of Polish Merchants States Goals, Needs *[RZECZPOSPOLITA 10 Aug]* ..... 41  
Bank To Give Credit to Unemployed; Enterprises Showing 'Initiative'  
    *[GAZETA WYBORCZA 9 Aug]* ..... 42  
Role, Prospects of Family Farming Plots Profiled *[GAZETA BANKOWA 19-25 Aug]* ..... 42

## BULGARIA

### Opposition Daily Analyzes Militia Strike

#### Low Pay, Poor Benefits

90BA0297A Sofia *DEMOKRATSIYA* in Bulgarian  
14 Aug 90 pp 1, 4

[Article by Anelia Hristova: "Ailing Epaulets"]

[Text] Even the militia has had enough. The unresolved social problems, characteristic of our present society, did not spare it. MVR [Ministry of Internal Affairs] servicemen expressed their professional protest yesterday by carrying out their official duties wearing a tricolor [the Bulgarian flag] lapel ribbon.

The protesters demanded MVR depolitization in fact, not just in words. Bulgarian militiamen should not be committed to various parties or movements.

A MVR serviceman's life is valued at 3,000 leva. This is the compensation given to the family of a serviceman killed in the line of duty. There is a shortage of equipment which would guarantee safety. The well-known bullet-proof vest is not sufficiently effective.

The Bulgarian militia is on a very low level with respect to technology used to provide conclusive evidence against criminals. MVR alone cannot solve these problems. It needs a budget. Besides this, the ministry also suffers from internal discord which the new minister will hardly be able to resolve at once. The protesters, however, want the future minister to think about the status of the Bulgarian militiaman (policeman). He should not have to use a street car to chase after criminals because he is over the limit allowed for official vehicle use.

The militiaman is a government worker and it will be a blow to his professional image if he decides to do some private work to earn a couple of extra leva. We must strengthen these people's self-esteem so we may demand incorruptibility from them. We need a true police force which inspires respect (but also trust!), and which is solely interested in citizens' safety.

The symbolic protest was also noticed by the MVR administration. Deputy Minister Stoyan Stoyanov also wore a tricolor ribbon on his lapel.

"I fully support the appeal of the Federation of MVR Workers Independent Professional Organizations," Mr. Stoyanov stated. "This symbolic protest is a result of the old system's shortcomings, and the improper function given to the ministry. The MVR must be depoliticized totally. This requirement should also be a fundamental part of the new minister's platform. We hope that the Grand National Assembly will understand and will review the questions raised by the MVR Workers Independent Professional Organizations as soon as possible."

Ivan Tsonev, Secretary of the Trade Organization at the MVR Command, said with respect to the protest activities, that there are existing laws that limit servicemen in carrying out their official duties. An ailing society, such as ours, should not have a weak militia. Sweeping speculation and crime cannot be stopped unless new legislation is passed.

Sergeant Atanas Razloshki from KAT [Automotive Transport Control] invited us to visit the crossing at the Orlov bridge where after three hours anyone would get vertigo from the toxic gases. The Council of Ministers took away the vacation bases in Strelcha and Dolna Banya, even though the morbidity rate among militia servicemen is very high. It is no secret that only individuals with good physique are accepted as MVR workers. But after about 10 years there is nothing left of their good physical condition.

The militia's symbolic protest is directed not only to the Council of Ministers and VNS [Grand National Assembly]; it is an appeal for help and understanding from all of our society.

Editor's note: In support of the appeal by the independent trade association at MVR 5th Obshtina Administration in Sofia and the calling by the Federation of MVR Workers Independent Trade Organizations, almost all militiamen in the country participated in a symbolic strike yesterday. The servicemen of the MVR regional directorate in Razgrad support the protest activities and demands: change in legislation, depolitization of servicemen, changes in structure and personnel in the ministry, improvement in working conditions and wages, resolution of social, living, and labor law issues. Every member of the 32 families of MVR servicemen in Silistra is allowed five square meters living space. Because of increased gasoline rationing in Varna, half of the vehicles are not in service. At this time there are 12 vacancies for officers and 91 for sergeants at the directorate. Actually, the people on duty insist on what most of us want: to live like people and work like professionals.

#### Draft Law Criticized

90BA0297B Sofia *DEMOKRATSIYA* in Bulgarian  
14 Aug 90 p 2

[Article by Major Aron Kazasyan, lecturer at the Higher MVR [Ministry of Internal Affairs] Institute: "Normative Momentum: Critical Notes on the Militia Bill"]

[Text] Criticism regarding the militia organs' passivity has increased lately. It is a fact that many good servicemen have left and there are many vacancies left open. The reasons for these phenomena are found in the rapidly changing public relations, as well as in the lack of reliable legal and social protection for militia servicemen, and are directly reflected in their work effectiveness.

For months, hundreds of servicemen have been waiting for the new law. And so, on 2 August the Militia Bill was printed in *Otechestven Vestnik* [Fatherland Gazette]. Exactly why was this newspaper chosen and not some of the large circulation dailies was not made clear. It was clear though, that even militia servicemen who will be directly affected by it could not obtain a copy, but this is another matter.

Familiarizing ourselves with the proposed bill, we are left with the impression that except for the new title and some new texts, the rest is a revised edition of the People's Militia Law presently in effect.

Legal protection, the fundamental factor which all servicemen were hoping for, is not mentioned. Reading the bill, we find only one text in Article 5, paragraph 3 which, to put it mildly, makes us wonder.

"It is prohibited to exercise force or threaten the life and well-being of any militiaman, as well as to degrade his honor and dignity."

The first logical deduction, after seeing this text, is: Since aggression against militiamen is prohibited, then it is permitted against other categories of citizens. If we remember the Penal Code which defines every encroachment on the life, well-being, honor, and dignity of any citizen as a crime, then the proposed text sounds senseless at the very least.

In all probability, the text's authors have been influenced by the old momentum for creating formal texts which will soon become obsolete because of the rapidly developing public relations and will start to cause problems.

In the given case we should have a concise text which inspires respect:

"Militia servicemen are inviolable. Any encroachment on their life and well-being, as well as their honor and dignity will be prosecuted with exceptional stringency by the laws."

The texts dealing with regulations on administrative penalties could also stand some criticism. In general, we could say that they do not take into account growing inflation and soon the fines mentioned will be only symbolic. For example, the text of Article 139 reads:

"Anyone who offends the honor and dignity of a militiaman carrying out his official duties, not faced with danger... will be fined 100 to 300 leva..."

I already mentioned the symbolic value of these fines. There are quite a few individuals who could allow themselves the "pleasure" for 100 to 300 leva. And at the end of the text it becomes clear that when not carrying out his official duties, his honor and dignity may be offended without penalty.

It is obvious that in the presence of such regulations the number of those who wish to leave the militia will

increase more and more, and the number of those wishing to join will decrease.

Several days after being shown on the Horizon program, an announcement was made that specialists from the Militia directorate and from the School of Law at the St. Kliment Ohridski Sofia University participated in drafting the bill. Servicemen are asking: Why did not specialists from the Higher MVR Institute participate, when they had developed a comprehensive alternative bill as early as last spring, and whether this isn't the reason for the shortcomings of the Militia Bill published in *Otechestven Vestnik*.

## CZECHOSLOVAKIA

**Czech-Slovak Relationship in Historical Perspective**  
90CH0394A *Prague REPORTER* in Czech 21 May 90  
p 3

[Article by Pavel Machacek: "Isn't It Time Now?"]

[Text] Unity is vitally important for the further development of our society at the present time. Anyone who divides it gives aid to the old forces.

I lived in Slovakia for a number of years and I have a lot of excellent friends there. Of course, I myself also lived through the violent outbreaking of Slovak nationalism in 1968 with its sharp anti-Czech attacks. Does the situation have to be repeated today? Must the Czechs again be presented as the oppressors and exploiters of the Slovaks in keeping with the election slogans of the Communists in the first republic? They had thought up these slogans on the basis of the thesis of the class struggle which stated that the Czech bourgeoisie in the government did everything badly and therefore could not even be and was not allowed to be beneficial for the Slovak nation. The Slovak nationalists hide behind these false slogans even today.

Historical developments in the past two centuries of course are based on facts which clearly show the enormous assistance which the Czechs have given the Slovaks throughout this period, but particularly since the creation of the CSR in 1918!

The formation of the Slovak nation was delayed for historical reasons in 1848 by about half a century after the creation of the Czech nation. Just a random selection of facts:

1. Dobrovky in 1792 published the *History of Czech Speech and Literature* and in 1809 *A Detailed Grammar of the Czech Language*; Stur published a book in 1846 in which he raised Central Slovak to a literary language.

2. In 1874 the Czech Society of Sciences was established and in 1803 there was an unsuccessful attempt at establishing a Slovak Learned Society.

3. In 1786 V.M. Kramerius began to publish Czech newspapers and from 1812 to 1818 J. Palkovic published his "Weekly" or the imperial and royal newspapers.

4. Since 1786 there have been regular presentations of Czech plays in Prague—in 1817 the "Court Manuscripts" were "discovered;" in 1834 there was the premier of "Tylova Fidlovacka."

Both nations entered the second half of the last century with these conditions. After the unsuccessful revolution of 1848, Bach absolutism arrived. After it was ended, the Czech society began to develop very rapidly, terminating in Masaryk's struggle to restore the Czech state in 1918.

Developments in Slovakia were significantly different. The so-called Austro-Hungarian equalization of 4 February 1867 created a dual state of Austro-Hungary. There were few actual Hungarians in Hungary, but there were a considerable number counting the subjugated nations. On 28 November 1868 the Nationalities Law was therefore approved, according to which a "unified Hungarian political nation" was formed throughout the entire country. An intense program of Hungarianization was begun on this basis even for the Slovak people. For example, in 1874 the last three Slovak gymnasias were closed down, the state national schools were exclusively Hungarian, and in 1875 the Slovak Association was dissolved.

This delayed the formation of the Slovak nation for half a century. Only the church operated Slovak national schools, despite considerable obstacles.

When the new Czechoslovak Republic was established and wanted to open Slovak schools, there were no teachers. For example, only three professors capable of teaching in Slovak reported to the gymnasias, two physical education teachers and one natural scientist! As a consequence of 50 years of a policy of Hungarianization the Slovak intelligentsia was very weak in terms of numbers. Czechs therefore had to step forward into the schools and into the state bureaucracy, for without them it would not have been possible to create the conditions for completing the process of forming the Slovak nation which had been interrupted for half a century. Only thanks to the thorough democracy of the first republic could this nation restore itself in such a short time. The slogan of the Communists in the first republic about the suppression of the Slovaks by the Czechs is thus totally false. They can be applied all the less today!

Despite all the reservations which we have about the Stalinist regime brought to life by the Communist Party after 1948, one cannot overlook the fact that for the past four decades Slovakia was rapidly industrialized and has significantly more modern machinery than the Czech lands. Especially during the years of the so-called normalization the majority of the republic's investment capital was spent there.

As regards the easily demonstrated facts from the earlier times and as also regards the current difficulties in

overcoming the unhappy heritage of Stalinism, an exaggerated Slovak nationalism is a dangerous and antisocial phenomenon. A manifestation of this is also the stubborn attempt to insert a hyphen into the republic's name (which is a dividing mark and not a conjunction) and a capital letter. This reminds very many Czechs strongly of 1939 and the creation of the clerical fascist Slovak state.

If the Czechs have done so much for Slovakia since 1918 and without a hyphen, why should this all at once be such a basic question for the Slovaks today? In setting up the federation in 1968 the Czechs gave the maximum space to the Slovaks. It is thus now finally time to oppose Slovak nationalism!

The Czechs have helped the Slovaks significantly for the entire 72 years of our common life together and to a somewhat lesser degree for the 150 years before that as well. The position of those Slovaks who talk about Czech exploitation is absurd and, moreover, entirely incorrect in terms of the facts.

Not only Czechs but also Slovaks should sharply condemn Husak and Bilak, who were the leaders in the so-called consolidation regime whose result was a devastation of nature and society greater than what the Swedes left behind in the 30 Years War.

The events in Bratislava on Friday, 30 March, are a warning. In today's turbulent times it is no problem to gather up 2,500 people in front of the SNR [Slovak National Assembly] building or 20,000 demonstrators at the SNP [Slovak National Uprising] Square and to toss them gratifying slogans on the independence of Slovakia and its separation from the joint state. It appears as if none of the organizers or the participants was aware of the possible consequences of their actions.

The attitude of the SNR and the Slovak Government in this situation is not understandable. How is it possible that they do not condemn such extreme actions? How is it that they "express regret that the FNS [Federal National Assembly] has not approved a decree that would express" the will and desires of the citizens of the Slovak Republic? Perhaps this means that the Slovaks are unwilling to take into consideration the "will and desires of the citizens" of the Czech Republic? Even though a predominance of numbers is not what will decide this question, it is still necessary to at least take into account the opinions of 10 million Czechs! Where is the democracy here when the representatives of the Slovaks refuse to respect the will of the other, Czech nation whose members are now not allowed to have their own "will and desires" according to the Slovak ideas?

I earnestly hope that realism and rationalism prevail for the Czech representatives in relation to the rebellious Slovak emotions and that they understand that it is not possible to give ground endlessly to pressure groups. That it has now come time for us finally to say to our partners: "Enough?"

**Western Help Sought for Preservation of Prague's Little Quarter**

90CH0401A Frankfurt/Main **FRANKFURTER ALLGEMEINE** in German 10 Aug 90 pp 7, 8

[Article by Ota Filip: "Little Quarter Stories"]

[Text] Prague, August—The history of Prague's Little Quarter spans more than a thousand years. No occupation, no war, none of the innumerable pillagings, no fires and no plague epidemics have hurt this architectural jewel on the Moldau's left bank as much as did 42 years of communist rule.

The Little Quarter, the romantic part of town with its houses built in ten centuries lying below the Hradcín, the castle of the Bohemian Kings, of Emperor Charles IV and of President Vaclav Havel, is crumbling. The heritage left to today's mayor (called "primator" in Prague), playwright, film writer, journalist and translator, Vaclav Havel's friend, Jaroslav Koran, by his communist predecessors after the victorious gentle revolution in the late fall of 1989 is a cultural and architectural disgrace. During the past 20 years the communist regime barely succeeded in renovating the facades in the old city center on the Moldau's right bank and to let some of the Little Quarter's tourist attractions survive. Historic Prague turned into a false front for Western tourists. Behind the new plaster front decay proceeds inexorably.

After World War II no other European city was covered in concrete as relentlessly as was Prague. The National Museum at the upper end of Wenceslas Square, the House of Parliament and what used to be the New German Opera House were separated from the rest of the city by a multilane highway. An architect who prefers to remain anonymous even today has seen written proof that Prague's general staff, three Soviet generals, and the security people in the party's central committee wanted to build the superhighway clear through the city for military and security considerations. Jaroslav Hasek, who is in charge of Prague's vehicle traffic today, would prefer to dynamite the concrete road.

Miroslav Base, in charge of monuments, Ivo Oberstein, Prague's head architect, and Gabriel Groessel, the primator's counselor, are disturbed by yet another heritage dating from the era of the so-called impetus socialist construction: that concrete monster, the new TV tower, which was built only recently on the hill between the Zizkov and Vinohrady districts. Jaroslav Koran, who considers the tower a horrible wart on the face of the city, plans to hold a competition for painting it over. Out of his travails with the monster, the primator wants to fashion a virtue: "The multicolored tower is to become a warning, a horrifying memory of the mania for bigness in socialist-realist architecture and of the time when Prague's rulers were able to defy the will of the people."

But the city fathers' biggest worry concerns their legendary favorite part of the city—the Little Quarter. The

downfall of this district started in 1945, when the Germans were driven out and the mansions belonging mainly to aristocratic Austrian families were confiscated, and after the communist takeover in 1948, when almost all buildings became the property of the so-called District Office for Building and Housing Administration. Since 1948 the state had been collecting rent, but paid no attention to the quarter which had grown up for more than a millennium. More than two-thirds of the venerable houses in Prague's Little Quarter cannot today be considered anything other than ruins. An artist, probably equally adept at merely surviving, sells his cartoons in a dilapidated house in Neruda Street which is more than 500 years old. "The money I make from selling my drawings is just about sufficient to repair the broken down scaffolding which keeps the house from collapsing."

In the "Brabant King" beerhall you can learn a few things about the business deals involving the ten-century-old houses standing below Prague's castle. "If you want to buy a house in the Little Quarter, you are already too late. Everything has already been bartered away to rich Austrians, Germans, and Americans for hard currency." Ruda Kralicek knows whereof he is talking. He himself has already gotten a DM50,000 downpayment from a Regensburg real estate operator for a house in Schloss Street which had been taken over by the state in 1949. In the fall the Prague parliament is to pass a law about reprivatization of communist-confiscated property; this will make Mr Kralicek once again the proprietor of his house; he will collect the balance of DM200,000 and be a rich man.

"You know, we are now the Wild East," Kralicek was laughing contentedly, "here the money, Western money, is in effect lying in the street. Anyone who does not pick it up is stupid." And he goes on to relate a few current Little Quarter stories: a certain Pepi from Spork Street, a capable entrepreneur, is making the deal of a lifetime with a big West German oil company: he is offering them five lots in the Little Quarter for building gas stations. He does not own any of the lots; all are still the property of the state and will not be returned to their owners until 1991.

But clever old Pepi has given downpayments to the original owners and obtained their powers of attorney. Pepi returned from a business trip to Munich just last week; a symbol of his success is a Porsche parked in front of his house; it is not new, but in good condition.

Sharp Czech emigrants have already opened branch offices in the city. In Prague they make promises of pie in the sky, unlimited credit, contacts with Western firms; in the West, they entice entrepreneurs to make investments in Bohemia and Moravia, because nowhere in Europe is labor as cheap as in their former home country. Deals involving houses and apartments in the Little Quarter, real estate and antiques are, according to Ruda Kralicek (who knows what is going on) firmly in the hands of the

Western emigrants, of local hard currency street vendors, the so-called money changers, and of those who became rich during the communist rule: money-wise headwaiters, butchers, and grocers.

Other Little Quarter stories come from Primator Jaroslav Koran and a few renowned architects: the decaying and abandoned house named "U Glaubicu," across the street from St. Nicholas Church, was to be rehabilitated by the directorate of the state dairy enterprises. A few years later, having invested more than 50 million crowns in this project, the directorate threw in the towel. It seems absurd, but it is true: during the last few years several investors, among them some from the West, have tried to make "U Glaubicu" house habitable once again. All of them gave up. As of a few weeks ago, work is once again proceeding at the house. But nobody knows who is today rehabilitating "U Glaubicu," with whose money and why.

More than 150 million crowns have to date been invested in rehabilitating the scaffolding-encrusted Lichtenstein mansion with its broad classic facade, whose sad remains were last visible 16 years ago. A cost of another 250 million crowns is projected until the palace of the "bloody governor" Karl von Lichtenstein, who ordered the execution of 27 leaders of the Bohemian uprising of 1618, will once again shine in its original glory.

When this author attempted to photograph Prague's most famous scaffold, a policeman said to him: "If I were you, I wouldn't stand under this scaffolding. If that ever collapses into Karmeliter Street, all hell will break loose." "Then why do you let traffic go through Karmeliter Street?" The policeman looked worried. "Anyone who wants to go north or south along the left bank of the Moldau has to squeeze through the Karmeliter Street bottleneck. And do you know how many trolley cars are thundering past this rusty scaffold every hour? You won't believe it: thirty eight! I live in fear thirty-eight times every hour!"

One billion crowns have already been spent on renovating Kampa Island with the canal which was drained years ago, with what are probably Prague's most beautiful residences. "Well," says an old gentleman, "now the work has been interrupted once more. The money ran out. If things go on like this, we'll have to start all over again. The houses which were rehabilitated 10 years ago are derelict again."

Primator Jaroslav Koran, in office only since January 1990, has, together with his team, developed the first concept in 45 years for the renovation and rebirth of city life below the Prague castle. The prime example for Western investment is the former Jesuit secondary school which was the property of the ministry of the interior from 1945 to 1990. The huge, dilapidated building was offered to the Austrians as a future ambassador's residence and the seat of the Austrian Cultural Institute—not for sale, but for a very favorable consideration: should the Austrians decide to rehabilitate the

former school—at an estimated cost of 260 to 300 million crowns—they would pay only a symbolic rent for the next 99 years for the building complex in the shadow of the St. Nicholas Church.

"We have of course let the Austrians know our non-negotiable conditions," says Jaroslav Koran. "On the ground floor they will have to build rooms for small restaurants and for boutiques; the magnificent hall must be accessible to the citizens of Prague. Embassies stand empty in the evenings, practically dead. If we were to rent several palaces in the Little Quarter or in Prague's Old Quarter to foreign embassies for 50 or 99 years, they must bring life to the city after business hours and accept rooms on their ground floors for small beerhalls, pastry stores and art galleries."

The primator has additional plans for the Little Quarter: congress centers are to be developed in some of the mansions. Prague aims to become a congress center, though one with much more charm than Vienna offers with its "UN City." Koran has a concept for this project also: the congress centers too must not turn into enclaves for foreigners; they would have to be an integral part of the city. The primator plans to give financial aid to retirees and older people, long-time residents of the Little Quarter, who cannot afford to live in the rebuilt houses. An end must be put to the depopulation of the Little Quarter, to the young peoples' flight into the concrete silos at the edge of the city.

Prague's castle, the national monument, seat of the Bohemian kings and emperors, now that of President Havel, has in the past been an administrative part of the Little Quarter; in the future, it is to assume its own status, similar to that of the Vatican, and its own administration. The castle is to be financed from state treasury funds, thus easing pressure on the capital's budget. The Little Quarter people do not like this. The free citizens of the historic quarter below the Hradcín give problems to the primator in other matters too. The district administration of the Little Quarter refused to turn over 35 million crowns in tax receipts to the city administration; it also rejects Koran's concept for the rehabilitation of the Little Quarter. The local patriots of the Little Quarter want to found their own bank for financing reconstruction and collect money from the inhabitants of the Little Quarter. They do not want any dealings with the rest of Prague; they want democracy to reign. The money spent by Western tourists is to stay below the Hradcín in the future and not drain away toward the city coffers on the right bank of the Moldau.

Money, solid, Western money is very important in Prague now. Since the victory of the gentle revolution, Prague's city fathers cannot complain about a lack of foreign currency. On the contrary: money is being forced on them. An Australian wanted to buy the entire Neruda Street, which extends from the Little Quarter Ring to the castle, and to convert the houses into hotels. The deal with the Australian fell through. Primator Jaroslav

Koran explained the complicated problem with the Australian and his millions, which would come in handy for Prague: "We should have patiently explained to the Australian: Dear friend, we need your money, but you must understand us. The Little Quarter is a part of the city where historic houses cannot simply be made over into hotels. We want to repopulate the Little Quarter, provide an opportunity for small shops and businesses; old people are to live here again and young couples should raise their children. The Little Quarter must not turn into a tourist enclave or a tourist trap. It must regain a life of its own. Neruda Street, turned into a hotel, would kill the Little Quarter. We would lose an entire district of the city, and you, dear sir from Australia, would lose your money. We must take a crash course on how to deal with Western financiers."

We should remember that between 1973 and 1974 today's primator of Prague, Jaroslav Koran, was in jail, supposedly for slandering Czechoslovakia. After that, he had an opportunity lasting several years of getting to know Prague from below, while working as a machinist for the city sewage system.

"The Prague community is supposed to collect the Little Quarter's garbage and burn it in other parts of the city. We are supposed to admit their patients elsewhere, because the Little Quarter has only a small hospital. We are supposed to bury their dead, because the Little Quarter has no room for a cemetery. We are supposed to provide water, electricity, and gas to the Little Quarter; the city administration is supposed to solve its chaotic traffic problems and deal with the steadily increasing tourism. In good time, we will get a handle on this. In addition, we want to promote independence for individual, historically varied city districts and their administration, but never at other peoples' expense."

"Running a city requires sacrifices," continues Milan Hasek. "The community of Prague is financing the expensive tunnel construction below the Laurenzi Hill, which will divert the major part of the traffic which now flows through the Little Quarter. The Little Quarter will then have more peace and quiet; but the citizens of Prague's fifth and sixth districts will pay for this with higher noise levels."

Asked whether in any case, Prague is capable with its own resources and its own money to rehabilitate the Little Quarter, Primator Jaroslav Koran said: "With our resources we are capable of preventing the decay or even rehabilitating neither the Little Quarter nor the historic city center of Prague. We need help, lots of money, but more than anything else, reliable Western partners."

#### Equating Entrepreneurship With Profiteering Blocks Progress

90CH0398A Prague SIGNAL in Czech 6 Aug 90 p 14

[Interview of economist Eng. Augustin Marian Huska, doctor of science, by Maria Kostalova; place and date

not given: "Are We Going To Teach America?"—first two paragraphs are SIGNAL introduction]

[Text] A private or a state enterprise? This until recently a very burning question looks a little different today. The task to create a market economy as quickly as possible and become more like the successful Western economies cannot be postponed any longer. Nevertheless—beginning entrepreneurs keep on complaining about the many obstacles which make it difficult for them to get started. In the first place they cite unclear laws and a multitude of regulations.

In fact state enterprises, or at least most of them, carefully waited until after the elections. We asked an expert who deals with these problems comprehensively what the reality is and what can be done about it. Eng. Augustin Marian Huska, doctor of science, is a member of the Independent Association of Economists in Slovakia, chairman of the Section for Market Economy, and member of the Committee of Experts for Economic Policy of the Government of the Slovak Republic.

[Kostalova] Do you think that entrepreneurs really have objective causes for their frequent complaints?

[Huska] Roughly 80 percent of the complaints by private entrepreneurs are justified. The officials in the administration still view them as potential swindlers, cheats, speculators. Although it is clear that without private entrepreneurs our life would become worse, in the consciousness this obstacle still functions. And a particularly negative influence is exerted by the vast network of moonlighters who have been quietly existing under the past regime. They silently agreed on a kind of status quo, just so that the totally shocking impotence and powerlessness of the totalitarian regime to provide everyday services for citizens would not be revealed. After a certain time they discovered that they actually have some dubious right to hold a privileged position on the black market, which nobody likes to attack too much. At most we would come across toothless jokes in ROHAC and its provincial humor. And so a silent coalition of the old regime and the moonlighters' and blackmarketeers' structures came into existence. Basically a coalition of a nonmarket and a black market...

[Kostalova] Does that mean that you place great importance on the elimination of moonlighters?

[Huska] Certainly. A coalition of a nonmarket and a black market is the worst possible combination that an economy can imagine. A nonmarket actually is a pre-market condition. And that is an atavism, a form which conforms with a primitive society. We are therefore basically speaking about a profound error of the classicalists of political economics, who assumed that a non-market is a higher form. After all here, too, the ideologues of socialism tried to persuade us of that. The combination of a nonmarket with a black market is especially ominous, because it combines the incompetence of the monopolistic majority with the absolute

uncontrollability of the black market. The mafioso relationships that ensue are extremely harmful. And this is precisely one of the main tasks facing our economy. It means a liquidation of the nonmarket, but at the same time also a rigorous and unmerciful suppression of the black market. It requires the creation of tax, control, and review offices. So that everyone would get the same opportunity.

[Kostalova] Could you describe in a nutshell the situation of our entrepreneurs?

[Huska] The obstacles we mentioned pose three serious threats: the persistence of the official attitude toward them, the persistence of the system of the nonmarket combined with the black market, and third, of course, the imperfection of the legislative norms which really are not yet properly worked out and some of which, moreover, have a distinctly transitory character.

[Kostalova] Can you confirm, then, that entrepreneurs have not been given enough space as yet?

[Huska] I have really already answered your question, but a certain, albeit smaller fault lies also with the impatience of the entrepreneurs. For example, they want to know in advance the entire nascent tax system. It is very complicated, however, to adapt our tax system to the Western system. It means, for example, that the replacement of the turnover tax now in use by a value added tax represents operations which could take one to one-and-a-half years. Basically, the entire parcel of tax changes must be put together by the end of 1992. We are choosing a procedure that would enable us to approach as quickly as possible a total interlinkage of the existing systems in such a way that the so-called compatibility of the legislative measures would be implemented here by 1 January 1993 at the latest. At the time, therefore, when the united Europe will begin to function.

[Kostalova] That is not a long time, but entrepreneurs nevertheless see it differently. What can we offer foreign interested parties in the meantime?

[Huska] After these modifications they can do business here under the same conditions that they have at home. But in the meantime they can make use of the advantages which objectively exist here. For us they are, of course, socially detrimental. I am referring to the lower wage level, which a capable foreign entrepreneur can, until wages are equalized, use to his advantage.

[Kostalova] Let us go back to the first question—a private or a state enterprise? And if a state enterprise, what kind?

[Huska] Demonopolization, denationalization, and privatization. Three words, three complicated measures which we must undertake. So that you would understand: Today's enterprises can be roughly divided into an "A B C" system. "A" are enterprises which do not represent profit so much as serve above all a socially useful purpose. Among them are, for example, the post

office, the railways.... There were proposals that these enterprises, which remain basically unchanged, should be managed by a federal ministry, but that is unacceptable. That would be an expropriation of the republics and a diminution of their national competence. We are in favor of creating an administration of national property in each of the republics. Enterprises of the "B" type—today these are all the ones that we would have called according to the old vocabulary the khozraschet, or commercial type. All those should be transformed into stock companies. The "C" type are communal enterprises which should definitely be privatized.

[Kostalova] You spoke about stock companies. But with what would a simple citizen of the Czech or Slovak Republic buy stock?

[Huska] In the third quarter of this year we want to pass a so-called transformation law, according to which all enterprises of the "B" type are to be changed into stock companies. In order that our people can participate in this change, we propose that part of the enterprise property be turned over to citizens in the form of coupons. In the amount of 10 or 30 percent. This idea had many opponents, but the Soviet academician Smeljov and his coworkers found that the greatest exploitation of workers took place in the former socialist countries. The share of wages, which they received from the gross national income was between 22 and 37 percent. Under capitalism it is 70 to 72 percent. It means that behind all that ostentatious ideology of many decades, how they take care of the working people, there was only a ruthless exploitation of people. Every months, actually, people had part of their wages confiscated. If they were to get some share of those piled up assets, it would only be an entirely justified moral act. Certainly not a simple one. It would require setting up in every bank an advisory center which would explain even to a simple little old woman how best to use her coupons. A man is not only homo sapiens but also homo economicus, that is, a calculating creature.

We figured out that if our economy could count only on the freely usable savings of our citizens which they are able to accumulate during one year, we would need 1,300 years for the privatization. If we want to offer shares to our citizens as well as to foreign interested parties, and gradually transform state enterprises into mixed and later private or combined stock companies, I see no other way. I consider this matter to be highly political as well as economic. We need to give people one single action capital according to the number of years they worked. Actually, that would be only returning to them what the state robbed them of. American forecasters assume that a similar act should take place in their society in the 21st Century, in order to overcome the conflict between labor and capital. Well, we could do that even now. For one thing, to help our economy, and for another, we would avoid impoverishing our people as it happened to our southern, northern, or eastern neighbors.

[Kostalova] Inasmuch as we want to enter Europe with our own contribution, could this be one?

[Huska] The Americans say that they expect from us not only a transition to a market economy, but at the same time also ideas that would be interesting to them, too. This could certainly be one of them. It is based on the justified entitlements of people and at the same time on the logic of the market.

[Kostalova] I shall nevertheless go back to the private entrepreneurs. What opportunities would this present to them?

[Huska] They would certainly also profit by it. Most of them are young, and so the number of years they worked would not be so great. But they could combine capital, whether according to related entrepreneurial branches or within the framework of family enterprises. It will be possible to buy with the coupons, besides stock, also an enterprise of the "C" type, that is, communal, or to lease it, let us say, for 50 years. And start doing business immediately. And that way the so miserably functioning communal economy, in which no end of people are parasitizing, would be privatized relatively quickly. Many of them have a well-developed begging syndrome and stretched out hands, so that they would be given a little more on top of the normal payment. And at the same time nothing works. Society must be cleansed of this civic indignity. If somebody wants to make money, let him establish a trade and do business. And as an entrepreneur let him make all his employees, who would want to sully his good name by engaging in the old practices, toe the line. Only thus shall we discipline ourselves and will become more ethical. And for us as well as for our economy that is very urgent.

## HUNGARY

### Soviet Oil Cutback: Alternate Sources, Austrian Pipeline Considered

90CH0389A Budapest NEPSZABADSAG in Hungarian  
18 Jul 90 p 1

[Article by Zsuzsa Pato: "Construction of a Hungarian-Austrian Pipeline?"]

[Text] As we have already reported in yesterday's issue of our paper, henceforth it will be possible to speak only in the subjunctive mood of Soviet oil deliveries based on this year's trade agreement. Today it has been revealed that deliveries of oil over the Friendship Pipeline in the third quarter of this year will be reduced by 0.5 million tons, which will be a very significant cutback in comparison with the 6.48 million tons a year that the trade agreement calls for. To make up for this cutback, foreign-trade officials have already begun negotiations with a number of partners.

As we learned from Pal Ligeti, the head of the Main Department of Energy Supply within the Ministry of

Industry and Trade, exporters from Japan, Iraq, Kuwait, Nigeria and the United States, among others, have offered to supply oil. They all have been referred to the Mineralimpex Foreign Trade Enterprise, which allegedly has put out the supply of 0.5 million tons of oil to open competitive bidding.

Many people are of the opinion that the most advantageous solution would be to buy oil from a Middle East country whose debts to Hungary have gone bad. But the chief of the main department believes that it would be unfortunate for Hungary to conclude another deal like the one with Iraq at the beginning of this year. Then we bought oil from Iraq under an agreement to deduct half of the price from what that Gulf country owed us. For the other half, however, Iraq demanded a price that would have been close to the whole price in other markets.

The indications are that real competition will now be possible. However, the quality of the oil that the individual suppliers would be providing is not immaterial. At present we need a large quantity of motor fuel. Therefore the 0.5-million-ton cutback could be made up by importing 280,000 tons of oil with a high gasoline fraction or finished gasoline itself. From whom to buy is another consideration that is by no means negligible, because this quantity cannot be shipped by rail or tanker trucks. Therefore primarily Austria, Yugoslavia, or Italy could come into consideration as exporters of petroleum products.

Talks on building a Hungarian-Austrian product pipeline are rumored to have begun. No decision has been made as yet, but allegedly the Hungarian and the Austrian sides both agree that the product pipeline, still considered uneconomic to build at present, could offer strategic advantages in the long run.

Reverting to the present situation, Pal Ligeti told us that the curtailment of Soviet crude deliveries would deprive the state budget of between 2.0 and 3.0 billion forints of tax revenue, according to the experts' estimates. This makes the proposed reduction of the state budget's deficit to 10 billion forints questionable, despite the price increases. A further problem is that the procurement of oil from other markets will involve additional expenditure and a reduction of export. The two jointly will amount to about \$70 million.

### Newspaper Buyout: MSZP-Springer Collusion Probed

#### MSZP Business Manager Comments

90CH0234A Budapest NEPSZABADSAG in Hungarian  
11 May 90 p 5

[Interview with Andras Fabriczki of the MSZP [Hungarian Socialist Party] by Katalin Kekesi; place and date not given: "MSZP-ASB-SZDSZ [Alliance of Free Democrats]: Gnashing Teeth"—first paragraph is NEPSZA-BADSAG introduction]

[Text] At Wednesday's parliamentary session, Tamas Fodor, on behalf of the SZDSZ [Alliance of Free

Democrats], suggested that a probe be conducted into what role the MSZP [Hungarian Socialist Party] played in the business activities of Axel Springer Budapest (ASB), Ltd. In connection with accusations made in that speech, we asked Andras Fabriczki, manager of the MSZP's business department, some questions.

[Kekesi] According to the SZDSZ's statement, witnesses and documents prove that by acquiring the right to publish a half-dozen county daily newspapers, five weekly newspapers, several journals, as well as numerous urban and industrial newspapers, ASB was part of the MSZP.

[Fabriczki] No such documents exist, unless one wishes to bombastically redisclose to the general public the well-known fact that these activities were arranged by employees of the MSZP's publishing house.

[Kekesi] When did you take over management of the party's financial affairs?

[Fabriczki] I became manager of the business department on 1 December 1989. In the period following establishment of the MSZP, no one was assigned responsibility for this task. When I took over the department, I found no evidence—only an indirect suggestion—that we had ever entered into relations with Axel Springer Budapest, Ltd. Up until December, moreover, no one from the party was involved either financially or editorially with the county newspapers. Thus neither I nor anyone else was authorized to negotiate the transfer of ownership of these newspapers.

[Kekesi] The aforesaid parliamentary speaker also rebukes the MSZP for trying to make the hitherto lucrative newspapers now appear unprofitable so that ministerial approval of sale and purchase will be unnecessary.

[Fabriczki] That is a completely muddled and professionally unacceptable formulation. They are trying to make it appear as if a proper or improper sale and purchase of some kind is occurring. In fact, we sold neither a company nor a newspaper. Nor did we intend to.

[Kekesi] At a press conference in early April, you announced that you would soon sit down at the negotiating table with an ASB representative for the first time. You later described this effort as unsuccessful. Have you met since then?

[Fabriczki] Several times. We made headway on some issues, but my negotiating partner turned a deaf ear to the main topic, namely, evaluation of and compensation for the newspapers' ideological value. He clings to the notion that he has launched new enterprises and new newspapers with new names that have no connection to our newspapers. It is therefore our view that we continue to own these newspapers and are merely unable to run them for the time being. Gauging the party's economic strength and political influence nationwide, the managers decided to launch about five regional newspapers, partly on the basis of existing papers and partly by founding new ones. So we have not given up the fight.

[Kekesi] Why didn't you take your complaint to the courts, either the Court of Constitutional Law or, let's say, the State Property Agency?

[Fabriczki] Unfortunately, our legal experts found no statutory basis on which we could successfully take up the fight in defense of our interests. We suffered no financial loss: This is the legal loophole the ASB exploited.

[Kekesi] Then why didn't you lock the doors to the publishing house?

[Fabriczki] Our enterprises are just like other enterprises: unlimited liability companies. The majority of them have at their disposal only a scanty sum of capital, but at the same time they have substantial receipts and expenses. If for lack of income they cannot cover their expenses, then the party, as owner, must do it immediately. If a newspaper is not published for 2 weeks, then the burden of printing and mailing costs and the compensation of subscribers and advertisers fall on us. And it is financially impossible for us to defray these costs. In such a case it is our duty, like that of any businessman, to strive to keep costs at a minimum. Gnashing our teeth, we had to accept the faits accomplis. If we hadn't, our political opponents would have charged that we had deprived a significant section of the country of its daily newspapers.

For a long time it was our expressed intention to incorporate each county newspaper and publication into a modern company through which we could infuse the additional capital without which these newspapers would become dysfunctional in two or three years. The party has no money for development. These companies would be established with domestic capital as far as possible, and if there was no way to do this, then we will strive to see to it that the foreign share does not reach 50 percent. At the same time, in order to make sure they do not become party journals, we would also like to limit the party's ownership share to less than 50 percent.

[Author's comment] We would have liked to question ASB Director Joszef Bayer about all this. Without previous warning—though he knew of our plans—he journeyed abroad yesterday morning.

#### Text of Parliament Resolution

90CH0234B Budapest NEPSZABADSAG in Hungarian  
11 May 90 p 5

[Article: "Examination of Procedures: Concerning Establishment of the Committee for Investigation of the Privatization Procedures of the Printed and Electronic Press"]

[Text] 1. The Parliament establishes an investigative committee whose task is to examine the privatization procedure in the province of the press, and the legality, financial consequences, and circumstances of change of ownership—with particular respect to the dangers of development of monopolies.

2. The investigation should include the changes undergone by daily and weekly newspapers, the situation of sold or unsold county newspapers, the electronic telecommunications media, and above all the relation between local studios and the incipient cable television chain.

3. The investigation should bring to light potential abuses and make suggestions for redressing them.

4. The investigation should lay the foundation for enactment of laws forbidding monopolies of the press and other media.

5. The MDF [Hungarian Democratic Forum] should send to the investigative committee two members from the Cultural, Educational, Scientific, Sports-Television-Press Committee; the other parties, one member each. The Judicial, Legislative, and Constitutional Committee, the Taxation and Ways and Means Committee, and the Police, Administration, Self-Government, and Internal Security Committee should also be represented by one fully authorized member each.

6. The investigative committee should submit its report to the Parliament by 30 June 1990 at the latest.

7. The investigative committee ceases to exist when the Media and Press Law takes effect.

#### Prosecutor, Politicians Comment

90CH0234C Budapest NEPSZABADSAG in Hungarian  
11 May 90 p 5

#### [Comments]

[Excerpts] [Rezso Nyers (MSZP)] This is not just Axel Springer's affair. It is a fact that foreign capital is especially inclined to try to penetrate Hungary's mass media which, it is easy to see, suffer from technological underdevelopment and lack of funds, and are thus more or less exposed and defenseless. At the same time, it is also a fact that the legislative process encouraging foreign capital investment was too hasty, and this is seen in the laws, too. The results can be called legal loopholes.

[NEPSZABADSAG] Do you agree that the investigation should be expanded?

[Rezso Nyers] I consider it reasonable to investigate the Axel Springer case, but I consider it unfair to limit it to that one case. Thus I agree with the expansion proposal, but here, too, special care must be taken not to discourage foreigners from investing capital in Hungary. I consider it important that press ownership, like foreign capital participation, remain under the Hungarian people's control and command. Otherwise, the MSZP has nothing to do with the Axel Springer case.

[Ivan Peto (SZDSZ)] We stick to our original proposal. We consider it imperative to investigate the Springer case mainly because, as it turned out, the newspaper owner—the MSZP—did not clearly see, and could not explain, why

what happened happened. It would be good to have a distinct picture, especially of such an important issue as the county newspapers, for example. The other reason we are pressing for an investigation is that it makes a big difference how many newspapers, or county newspapers, one company owns. We are fundamentally opposed to all monopolies, not just Axel Springer's. We would forbid anyone else from owning so many newspapers.

[NEPSZABADSAG] You do not seem to be insisting on a broadening of the investigation...

[Ivan Peto] Actually, we oppose the idea. I think that if we now begin to go around investigating the entire press, it is not the opposition parties but the government that will pay the price. For this very reason I am not certain that the MDF representatives who proposed expanding the investigation consulted with their party leaders. They, too, ought to know that such an all-encompassing investigation would be more harmful than helpful to the country's reputation and the inflow of foreign capital.

[Istvan Csurka (MDF)] Of course we must investigate the dealings of Axel Springer, Ltd., but the country would make a grave political mistake if the Parliament ruled that just this one privatization affair be investigated. I agree with the Cultural Committee's standpoint: in the case of the electronic and nonelectronic press, every similar case must be thoroughly delved into. Favoritism is intolerable. If only the Axel Springer case is brought to light, we would seriously damage Hungary's economy, entire society, and public life. [passage omitted]

[Sandor Nyiri (chief deputy prosecutor)] If I consider this subject as a citizen, it is striking how enormous the mistrust is in this country. It winds back and forth, up and down, and until the facts are made clear to the public, no matter what the topic, suspicion will live and thrive. The Axel Springer case is no exception. The case must be examined, analyzed, and appraised, and the outcome made public, in order to satisfy society. Because the legal loopholes are mentioned too frequently—and I speak as a public prosecutor—the undesirably absurd situation arises in which we try to regulate everything with a law. Theoretically, of course, it is just possible that there really is a legal loophole in the Axel Springer case. After exhaustive study, that is what I myself could responsibly say about this case. On the other hand, if it really is true, then the principle is valid according to which what cannot be regulated must be approached using different standards. Thus it is not at all certain that an infraction of the law occurred in the Axel Springer case, if the company actually "sneaked in" through a loophole. In order to prevent such controversial cases, I believe there can be only one permanent solution: the circumstances surrounding the start must be unambiguously elucidated, and once the starting gun has gone off, you can no longer turn back and keep on analyzing the circumstances surrounding the start.

## POLAND

### Property Damage to Countryside by Soviet Military Equipment Viewed

90EP0858A Warsaw PRAWO I ZYCIE in Polish  
No 33, 18 Aug 90 p 9

[Article by Jan Plaskon: "Marching Out"]

[Text] Even before Piotr Pawlik became burgomaster of Brzeg, he had proposed at the citizens committee forum the idea of creating an association of cities and gminas in which Soviet armies are stationed. In theory, the purpose of the association would be to defend the interests of residents and to represent the opinions of local communities to the Polish government and Moscow. By way of contrast, to date it has required the governments of both states to come to an understanding, even on minor or typically local matters related to the presence of the Soviet army.

Although theoretically all matters have now been handed over to the self-governments, nothing has really changed. For example, the previous city-gmina authority was bombarded with complaints from Brzeg residents. He tried to persuade the Soviet command that the nighttime air combat drills over the city were making the populace angry. The response from the garrison: we are not authorized to enter into discussion on that subject. The air drills were cut back only after a meeting between Gen. Debicki and Gen. Dubynin, plenipotentiaries of the governments of Poland and the Soviet Union.

So, for now, Burgomaster Pawlik's idea is far from being implemented. One reason is that it is impossible to pin down all of the places in which the Soviet armies are present. True, sputniks have been observing the Earth for a long time, but on the issue of the placement of certain military units, the generals continue to cloak themselves in military secrecy. Piotr Pawlik cannot even find out how many Soviet citizens are staying in Brzeg. Nor is he included among those who are informed about matters on a priority basis. He was informed regarding the planned departure from Brzeg of a portion of the army this August only when this was no longer a secret for anyone. And, by the way, the departure is not a cause for rejoicing by pacifists. The airborne regiment will be transferred to Krzywa near Legnica; meanwhile, the planes which used to fly over Kolobrzeg now stand in the airport in Brzeg.

From his predecessors in the office, the pro-Solidarity burgomaster has inherited several volumes of protocols and determinations from previous chiefs as well as the desire of residents, variously expressed, that the Russians would leave Brzeg forever. "Soviets Go Home" is one of the more polite inscriptions covering the walls of old apartment buildings. Recently there have been frequent meetings regarding the difficulties produced by the presence of the Soviet army in the city.

Meetings concerning burdensome matters arising from the Soviet presence in the city have recently been held more often. Each meeting has been followed by a series of written recommendations. The city-gmina head, a concerned group, and various representatives from the Soviet side have participated in the meetings. As a rule, the makeup of the group has been quite changeable, with the result that a delegation deliberating in September did not want to uphold the decisions of a delegation participating in talks in August and the like. This has made it impossible to decide on important issues, and, as a result of the indecision, the residents of Brzeg and the surrounding villages have become more and more vocal.

During the take off of planes, window panes would break and the glazing would fall in residents' bathrooms. The chimneys of a landowner in Lukowice were swept away from his home because a pilot engaged his afterburner right over his roof. In Malujowice, a portion of a rocket destroyed a porch and the barn roof. Streams caught fire after the military airport released oil-laden sewage into them. The only way that the numerous farmers who saw grease-soaked soil on their fields could interpret this phenomenon was that it was the penetration into the soil of oil from corroded fuel tanks at the airport.

Instead of traveling the roads, heavy trucks took a shortcut across the fields, destroying the cultivated lands. Someone plundered the garden plots; potatoes and corn disappeared from the fields. It turned out that the tracks usually led to the airport.

At first those who had been robbed were afraid to speak about these matters openly, but then they began to write to the authorities. And so the authorities would call meetings. Last October so many problems had accumulated that a lengthy discussion on the whole range of issues was held at a meeting with the city manager. The plenipotentiaries of both governments took part in the meeting. The topics ranged from ecological damage, through housing and financial problems to issues of maintaining order and cleanliness. After a series of charges made by landowners, Gen. Viktor Dubynin queried: "Is it a question of withdrawing heavy equipment from the entire territory of Poland or merely from the Brzeg area?"

City Manager Jan Pikor replied that the recommendation was that there should be no heavy equipment in Brzeg and that he was not in a position to determine where heavy equipment should be present.

To this Gen. Dubynin replied: "In the contract signed by the two governments, it was specified where the air force should be quartered. It was determined that several helicopter and fighter units would be stationed in Brzeg. Within the framework of USSR Armed Forces reduction, the decision was made to withdraw from Poland two airborne regiments. The government of the PRL [Polish Peoples Republic] approached the USSR Government, asking them to transfer the fighter regiments

from Kolobrzeg to Brzeg. The request of the PRL government was taken into consideration, especially since Kolobrzeg is a resort town. For this reason the recommendation to withdraw the airborne regiment should be brought up to the governments, for they are accepting such recommendations."

In the final week of July of this year, Col. Vasilij Petrovich Chropachev, deputy commander of the Soviet garrison, said that they would leave for good for Legnica on the first day of good flying weather. Of course not all of them would depart; the on-duty colonel, i.e., the one who was in Kolobrzeg, would stay on and families would also remain.

Col. Chropachev officiates in red barracks (not called red because of the color of the army but because of the bricks from which the Prussians built the building). The Russians in Brzeg are also occupying other barracks called white or gray barracks (for variety's sake) and they will continue to occupy them.

Col. Chropachev confides: "Things will be difficult for us in the Legnica area. They have prepared only one building for us, and I do not know how we will all fit."

"—Do you have an apartment in the Soviet Union?"

"—I acquired it three years ago and I have served in the army for a total of 23 years. It is true that 90 percent of the military cadre stationed in Poland do not have their own homes in the Soviet Union. The situation worsened immediately after the withdrawal of our army from Afghanistan. Military families occupy 400 residences in Brzeg. If they left all of them, the burgomaster would have a large part of his housing problem solved. That is exactly the number of citizens who await an assignment from the communal pool. But the Russians will not leave all their places of residence, and right now they do not know how many they will leave. Col. Chropachev delicately reminds that there remain in Kolobrzeg the families of several military personnel who are already also in Brzeg. And there is a problem with respect to apartments which have been already been turned over to the city."

"A great deal of money is needed to repair these houses," says Piotr Pawlik, "and as yet we have not received even one zloty. The repair of one square meter will cost at least a million zlotys. Have you seen these houses?"

How could I have seen them? So, we went to Wolnosc Street. The houses occupied by the Soviet families are recognizable by their windows which are covered with newspapers instead of curtains, as if to emphasize the fact that the residents have moved in only for a short time. The window frames have not seen paint probably since the liberation of the town, the plaster is crumbling and there are holes in the walls.

The burgomaster says: "This building was handed back to us for good. That is why we walled over the entry doors, so as to prevent further devastation ... that is, if there is anything left to devastate, for in such deserted

locations rarely are there any sinks left, the glazing is cracked and sometimes the floor is even cracked. It is no fairy tale that in one building a latrine was installed on the ground floor and the cellar served as a chamberpot. And so we receive houses no one can move into. That is why I would like to propose that people initiate the repairs themselves, so that when they can move in they will receive these houses as their own property."

"It is your people who ruin the houses which our people are leaving," retorts Lubov Tachka, military housing commander.

The burgomaster replies: "If that is what you think, then why do you not want to agree to the transfer to us of houses when they are abandoned, and how is it your people frequently do not even leave the key behind?"

Commander Lubov vacillates: "That is because it is more convenient for us to give up an entire building all at once, while people do not leave all at once."

"Do not be afraid of the red barracks," says Lt. Vinogradov, a young Belorussian. "We will not take your door locks or your window panes. And don't gossip that we are being destructive, for you are yourselves responsible for the damage."

The lieutenant invites us to a nearby transport base which was under his supervision until recently and now is being supervised by no one. That is, it is not needed by the Russians and has still not been reassigned to the Poles. Behind the grate which is shut with a piece of wire stands a ruin. The garage doors are ripped out and the window panes are broken.

"The Poles did this," persuades Lt. Vinogradov. "I even caught one when he was cutting pipes with a blowtorch." As proof he takes the identification card of Slawomir S. from his pocket.

"If you yourselves do not keep watch, then why haven't you transferred this base to us as yet?" says burgomaster Pawlik, growing angry.

"We haven't received the order...." It turns the burgomaster's hair gray when he thinks about what he is going to inherit. The unfortunate thing is that the regulations established years ago freed the military residents from any sort of obligation to care for property and now these houses must just about be rebuilt from the foundation up. The situation is different in the red barracks. The buildings have not suffered destruction. The burgomaster has not yet decided what to do with the cubic capacity located on 10 hectares. If he gets these barracks and if the preservation specialist does not consider them to be a work of military art, he can open up the bidding to firms, probably foreign ones.

Commander Lubov Tachka, seeing the delight in the eyes of the burgomaster, cannot help voicing the opinion that as soon as the Russians leave Poland, the Germans will move into Silesia. In spite of this, she is not afraid to stay here and is planning to marry a Pole.

**Council of Ministers' Constitutional Powers  
Viewed as Too Strong**

90EP0842A Warsaw *TYGODNIK SOLIDARNOSC*  
in Polish No 32, 10 Aug 90 p 5

[Article by Dr. Krystyna Pawlowicz, adjunct in the Department of Law and Administration, Warsaw University, and joint author of the law on meetings and gatherings, and OKP [Citizens Parliamentary Club] legal expert: "Witches' Sabbath: Legal Status of the Government and Government Bodies"]

[Text] The 1952 Constitution, which is still in force, makes the Council of Ministers the supreme executive and administrative body of government power. This feature was established to fit the needs of a centrally managed economy and state. The Sejm has never written legislation to provide specific instructions going beyond these very general provisions.

Up until now, the Council of Ministers has regulated its status and jurisdiction independently and rather freely by way of its own resolutions, called "spontaneous resolutions": No. 113, dated 1969, on the manner of operation of the Council of Ministers and the Government Presidium, and No. 160, dated 1987, on working regulations for the Council of Ministers and the Government Presidium.

Legal science has always taken a very dim view of the fact there has been no legislation or regulations concerning the government and its bodies and of the practice whereby the Council of Ministers and the ministers issue legal regulations without legislative authorization.

Krzysztof Wyszkowski's article "The ORMO [Volunteer Reserve of Citizens Militia] at the URM, [Office of the Council of Ministers]" (*TYGODNIK SOLIDARNOSCI*, No. 24) mentioned that there were no legislative regulations governing the actions of the Council of Ministers. Despite the fact that *GAZETA WYBORCZA* (No. 137) censured the author for "witch-hunting," this problem (as well as others mentioned in the article) is real, for many serious reasons.

The absence of legislative regulation and the existence of legislative practice not supported by law are among the most serious defects in our government's present legal system. This fact has a negative impact on the transparency of jurisdictional arrangements in the state machinery and reduces the independence of economic parties and other subjects of public law. It also usually makes it difficult for citizens to know about their government. It is unacceptable for a body of the highest jurisdiction to operate outside and above the law.

Because there has been no legislative interpretation of its jurisdiction, practically speaking the Council of Ministers has adopted the whole miscellany of functions of running the economy. This fact has considerably reduced the role of representative bodies, bodies of the administration (including the ministers), and state organizations (like the banks). Despite the legal and political

structure of the Council of Ministers, running the economy has become its basic function. This fact has had an impact on the organization and forms of government work. For example, it has shaped the custom of creating a large number of deputy premiers alongside the premier. It has led to the creation of more restricted presidential bodies in the government and of special internal bodies (or bodies "in the government") on national economic issues.

On the basis of Resolution No. 113, the Council of Ministers may (still today, formally speaking) undertake many actions consistent with command system logic, to which its status has been adapted.

In particular, Resolution No. 160 includes provisions which are unacceptable from the constitutional point of view, because they violate the Sejm's constitutional prerogatives and even provide for the Council of Ministers to usurp them. For example, the first paragraph contains this language: "On a collegial basis within the framework of its jurisdiction (but how is this to be established?—note by K.P.) the Council of Ministers reviews matters of essential significance to the state and the various areas of socioeconomic life and makes appropriate decisions."

**Government Presidium**

Since 1948, the Presidium of the Government has been an internal body of the Council of Ministers, which is periodically abolished and modified, superficially in terms of ministers and committeees. It was not until 1969 that the Council of Ministers regulated its own status and that of the Presidium by passing Resolution No. 113, mentioned above. The resolution endowed the Presidium with the nature of a body implementing the government's ongoing tasks (or rather confirmed this role), and, in the Presidium's discharge of these responsibilities, it authorized the Presidium to issue binding operative decisions essential to the execution of administrative and economic tasks. Because the Presidium of the Government became a body with very broad jurisdiction, mainly economic, and had high powers reaching far beyond the operations of the Council of Ministers itself, under pressure its existence was sanctioned in 1976 in the Constitution, but the Constitution does not regulate either the jurisdiction or composition of this body.

Like many other committeees, the Economic Committee of the Council of Ministers [KERM] has been abolished and restored many times since 1945 (in 1988, for example). A common feature was, and is, the fact that their existence and principles of operation feature a certain pathological functioning of supreme, central, and government administration, in that the authority of the actual ministers (including the right to use effective means) was taken away from them and given to the narrower bodies. The ministers lost their legally

endowed jurisdiction and authority to extralegal formations, whose status and nature were unclear, and they were stripped [of their right to provide] close parliamentary control.

Besides the actually illegal nature of the commissions and committees and the illegal application of means of authority, such as decisions binding on those involved, the commissions and committees also sometimes had a strange internal organization. For example, when the minister of internal affairs was appointed to chair one of the committees handling adherence to the law, under its auspices he became the superior of the minister of justice, who was also on the committee (but not designated to chair the group). In such situations, which violate the given minister's particular position and credibility, at least in theory, he is the executor of various recommendations of the minister of internal affairs running the committee and of the Ministry of Internal Affairs, which often broke the law. The creation of committees was (and is) a sign of centralized authority and, worse, reduced the prestige of the ministers who, by the Constitution and by law, direct certain sections of the state administration.

#### **Economic Committee of the Council of Ministers [KERM]**

The Economic Committee of the Council of Ministers, which was reactivated by a special Council of Ministers, gained exceptionally broad executive powers. Its appointment has also always been related to the processes of centralizing management of the economy. The present KERM has received tasks which are in part identical to those of the Presidium of the Government. It has partially taken over the decisionmaking authority of the defunct Planning Commission and partly that of the abolished Council of Ministers Committee to Carry Out the Economic Reform. The KERM is "a body of the Council of Ministers insuring the ongoing coordination of operations and effective decisionmaking in economic affairs.... It undertakes activity aimed at accelerating the implementation of the economic reform," etc. The Council of Ministers resolution to create the KERM is an example of a peculiar conflict with the ideals of all reform as well as with the regulations of various existing laws, for example, the law on state enterprises and others insuring the independent action of various agents. Just about all the points in the resolution creating the KERM destroy the order established even by the laws from the end of 1981 and the beginning of 1982. The parties at whom the committee's decisions are directed have not even been given any means of protecting their rights. Most KERM authority is not subject to legal classification, such as "provides cohesiveness," "is effective," and so on. This fact decidedly impedes setting any boundaries for the body's actions or establishing the legal situation of the parties involved in relations with the committee. In addition, the KERM "accepts" ordinances on behalf of the whole Council of Ministers, undertakes resolutions, "approves" draft ordinances and laws, and so on. The scope of the committee's tasks and

authority is basically identical to the committee's position in the realm of the powerful centralization of the command system of administration. It overlaps to a great extent the authority of the Presidium of the Government.

#### **Central Planning Administration [CUP]**

Also visible is the fact that KERM's jurisdiction is interfering with the tasks of the Central Planning Administration (CUP), a body legally created by the Sejm whose director is, after all, part of the government. It is CUP, with its official apparatus, that should be handling many issues presently being managed by a small group within the government. The role of each of the bodies in the present lineup of the CUP, KERM, and the Presidium of the Government is unclear, but it is certain that both KERM and the Presidium of the Government with their present authority and jurisdiction are vestiges of the command system. We should call for KERM's elimination, not only because KERM operates in a high handed manner, and furthermore without any legal basis—the Constitutional Tribunal should take up this matter—but also because its very existence introduces confusion into the structure of legal bodies and legal jurisdiction. It is superfluous, especially since the Polish economy is tending towards an economy open to market regulators rather than administrative ones.

In the decisionmaking process, replacing the full Council of Ministers with a small extralegal body, such as the KERM, violates the Constitution.

The three bodies mentioned, the Presidium of the Government, KERM, and CUP, have always divided up binding decisionmaking authority among themselves and continue to do so. In connection with the above procedure, there have been warnings in the literature pointing out the urgent need for legal regulation of the scope of operation of the Council of Ministers and its bodies, including the Presidium of the Government and the committees, as well as these bodies' relationship to the Council of Ministers as a whole and its members (especially the ministers).

In 1981, the "Kierunki reformy gospodarczej" [Directions of the Economic Reform] confirmed the advisability of this demand and promised to issue a special law, but neither the previous Sejms or government were interested (understandably) in issuing a resolution, and the promises went unfulfilled.

#### **The Constitution**

In the present situation, the government and its bodies, along with the economic entities, regional self-governing bodies, and many other structures, are operating under the auspices of two different sorts of political, legal, and economic systems: one for a government with a structure appropriate to an undemocratic system of commands and another for a basically decentralized one. The situation calls for obvious change, owing to the position, prestige, and status of the Council of Ministers.

It will probably be some time before there is a law on the government adapted to the new constitution, given the ongoing work on it, but even now a public discussion is needed on the concept of government in a democratic society that is being geared to a market economy, so that the constitution will not be a consequence of agreements among a very few or a dozen people on the constitution commission.

We can treat the present government as a national salvation government and grant it various privileges in terms of criteria and tariffs. However, this does not alter the fact that it received an inventory out of charity and, unfortunately, inherited nearly all the "old" committees along with their tasks, continuing to employ the legal operating framework being criticized. It maintained the whole previous structure of government and central bodies. In this situation, it would be only through a complete lack of competence that one could label the constitutional and legal regulation of the legal status of the Council of Ministers and its bodies in a manner fitting today's needs a "witch-hunt."

#### Kozlowski on Internal Affairs Ministry, Foreign Cooperation

90EP0877A Warsaw *PRAWO I ZYCIE* in Polish  
No 37, 15 Sep 90 pp 1, 5

[“Excerpts” from the interview with Minister of Internal Affairs Krzysztof Kozlowski by Iwona Jurczenko; place and date not given: “The First Policeman of the Third Republic”]

[Excerpts] [Jurczenko] How did you, a doctor of philosophy and a journalist, happen to accept this post? What arguments did the prime minister employ to persuade you?

[Kozlowski] The prime minister employed few arguments and in general he instructed me, rather than asking me, to accept this post. As for me, I do not argue with a prime minister.

[Jurczenko] Did you have any preconceptions about this ministry?

[Kozlowski] No, because I had never before imagined that I would one day become a policeman, and the first policeman of the Republic at that. I simply came, looked around, and tried to do what seemed the most urgent, most necessary things to me. And that is how I have been somehow managing for the last half year.

[Jurczenko] You certainly have a team of advisors. Are they competent and experienced individuals?

[Kozlowski] Formally I have no advisors, because only one person holds such an official position. My advisors on police matters ever since I became the minister have been chiefly the policemen belonging to the then still not legalized trade unions. Whatever I know about the police

I learned from them. Of course, it would be an exaggeration to claim that my knowledge and decisions are based solely on the opinions of these policemen, but still their trade union has helped me greatly, for which I am grateful, and it does seem that we have jointly scored some accomplishments. [passage omitted]

[Jurczenko] In the army and police of practically every country there exist special internal watchdog departments under a variety of names. Is the Ministry of Internal Affairs planning to set up similar departments monitoring the morality of its personnel and combatting symptoms of corruption in the apparat?

[Kozlowski] Such police within the police? Such concepts are being entertained, but I believe that we shall try a different tack. We shall try to change the police as a whole precisely by nonpolice methods. This may fail and I may some day be forced against my wishes to create such internal police. But I am extremely averse toward it, and especially toward the concept of political police. One thing I can assure you of, so long as I hold my post here, such police shall never be established.

[Jurczenko] What is the extent of your powers in determining the ministry's policy? Do the currently leading political forces exert influence on your decisionmaking?

[Kozlowski] Indirectly this influence is exerted by Prime Minister Tadeusz Mazowiecki and the Council of Ministers, and of course I do not question it, but nobody is intervening in the internal affairs of my ministry. As for other political forces, I know about their activities from the newspapers but not within the ministry.

[Jurczenko] What do you think of the claims that it does not pay to the present authorities to clear up the “blank spots” in the activities of the Ministry of Internal Affairs, because the conscience of both sides is not too clear, e.g., agents in both camps, informal contacts, the Magdalena meeting [at which Solidarity and Polish United Workers Party leaders supposedly decided on the apportionment of their allotted 65 parliamentary seats prior to the June 1989 elections], etc?

[Kozlowski] I shall not discuss this Magdalena thing, because I am both tickled to death and frightened when I consider how long Poles will live by myths. But as to whether we are reluctant to make some revelations, could you please be specific. What and when did I refuse to explain? Of course, I am unable to explain many things, if only owing to the absence of documents and sources and of the possibilities for access to them. They have been destroyed, deliberately blotted out, or concealed. But if there exist suspicions of any deliberate reluctance to elucidate any matter, I want specifics. I am aware of the comments in Sejm and elsewhere about “many people.” If that were a serious accusation, bound to influence the state's policy in any way, I would of course clarify it, but please tell me just what it is about, whom does it concern and the date and place.

[Jurczenko] I too have no idea about specifics. How do you feel in your role as the possessor of the greatest and, at the moment, most desirable secrets?

[Kozlowski] That is yet another myth. There exist no such awesome secrets. So far I am unaware of them. There exist, of course, the tragedies and dramas of ordinary people involved in the past with the Security Service. The dividing line between heroic defense of one's dignity and stooping to the level of a stool pigeon is sometimes extremely tenuous, but I shall not be the judge and the jury, I shall not decide on the extent to which these individuals were victims and the extent to which they were tools in the hands of our persecutors. I shall not feed these thousands of dossiers to the moloch of public opinion, because I have neither the right to do so nor the belief that it should be done. No.

[Jurczenko] Knowledge is power. Besides, in this country the post of minister of internal affairs has always been identified with tremendous power. Do you sense that power?

[Kozlowski] No. Besides power as such does not interest me. It is my job that interests me. If I do something, if I can do it, then clearly I wield some power. Power is often a necessary thing in order to accomplish something, and it is significant only in that sense. In itself I find it neither entertaining nor addictive.... [passage omitted]

[Jurczenko] What do you think about the possibilities for assisting the police by some friendly partnerships of private investigators or by auxiliary services like those of the former ORMO [Volunteer Reserves of Citizens' Militia]?

[Kozlowski] Various ideas of this kind have been proposed, and that is good. Let me say plainly that to me mastering the situation without such assistance is inconceivable. What kind of assistance could that be? There is the law governing local police organized by mayors, burgomasters, and local governments. The ideas vary, and at present we are working on a model solution. There is a need for explicit regulations specifying the police powers that can be transferred to local police so that it could perform auxiliary functions—auxiliary, not parallel, as otherwise that would be a separate police force in the state, and such a solution would probably be pointless—and stipulating whether local police personnel should be armed, employ means of direct duress or identify themselves, and do they have powers of arrest. We must clarify these and other matters so as not to create a situation which within a couple of months could be the object of general criticism. A decision should also be taken as to whether to arm individual citizens by granting them weapons licenses (as well as on the quantity of these weapons and on trade in and imports of them), or whether to support, arm, and grant certain powers to the joint-stock and other companies protecting the life and property of citizens, while at the

same time monitoring and thus keeping under control this situation. It seems to me that the latter alternative is more reasonable.

[Jurczenko] The duties of the Security Service had included combatting terrorism, anarchist groups, trade in weapons and drugs, smuggling, etc. For more than a year the Security Service has practically ceased to operate. Has not this created a gap imperiling domestic security?

[Kozlowski] Had the Security Service been actually exercising all these duties, I would now have felt highly gratified. But it turns out that no such specialized units had been formed in it. Most of the human and material resources of the Security Service had been focused on riot control and management of street demonstrations rather than on terrorists and drug traffickers, that is, on the perils entailed nowadays in joining Europe. We lack both trained personnel and experience and so we must request foreign training assistance.

[Jurczenko] How does the Ministry of Internal Affairs intend to counteract penetration by foreign special services and economic espionage? Do we have any experts in that field?

[Kozlowski] Yes, we have the experts, but they are not trained in the way I would prefer them to be. We must employ other methods and a different training program. You spoke of foreign intelligence services. Indeed, they have infiltrated East Europe, in its present unstable situation, to a much greater extent than ever. They are all anxious about the situation here and about the prospects for the future, and that is why they are trying to gather as much intelligence as they can.

[Jurczenko] And that is the sole reason?

[Kozlowski] That is the principal reason.

[Jurczenko] What about economic espionage?

[Kozlowski] I only wish that it would exist in the real meaning of the word in this country. Technologies are stolen from rich countries, not from backward ones that are mired in a crisis. In Poland there are no big temptations for such larceny.

[Jurczenko] How do you envisage future relations between the ministries of internal affairs of our and other countries? For example, is broader cooperation with the Germans or the French being considered?

[Kozlowski] I do not believe in and dislike official contacts at ministerial level. I am more interested in specific programs which I would like to carry out with foreign assistance. A few days hence the first group of Polish police officers will travel to France for many months of training, and it will be followed by other groups. We shall train antiterrorists and experts in combatting drug trafficking. We shall have them trained in England, in America, and wherever else possible,

wherever we can get it done without having to pay for such training, because we lack the financial wherewithal.

[Jurczenko] There is the still applicable agreement for our cooperation with the KGB.

[Kozlowski] That is precisely an agreement at a ministerial level. Agreements of such kind between "people's democracies" used to be common, and under one such agreement a KGB mission—housed, incidentally, in the Soviet embassy rather than in our facilities—was accredited to the Ministry of Internal Affairs. On the same principle, we maintained a mission of our own in Moscow. We maintain correct relations with the USSR and I see no reason for tearing up or abrogating this agreement. The KGB representative resident in Warsaw can be highly useful in rapidly reaching agreement on certain technical problems, and such problems do exist. I am aware of the reaction aroused by this topic when I had discussed it at an OKP [Citizens Parliamentary Club] meeting; the deputies wondered aloud how [such cooperation with the KGB] is possible in a sovereign Poland. But since other intelligence services, too, maintain their operatives in Poland, the fact that the KGB resident here is an official one saves us a lot of trouble. We have certain problems along the Warsaw-Moscow line, and they have to be jointly resolved as soon as possible. I refer here to, for example, the transit of Soviet citizens across Poland and the proliferating Polish-Soviet criminal gangs. The possibility of quick contact is sometimes useful.

[Jurczenko] Have similar agreements been signed with other countries?

[Kozlowski] I am not a believer in such broad agreements. I believe in working contacts. I am in favor of cutting perils down to size instead of creating additional conflicts.

[Jurczenko] It is said that Soviet gangs have dispatched representatives to Poland in order to train our criminals in forming mafia structures.

[Kozlowski] The new quality of crime also manifests itself in the extent of its organization. These people are not amateurs and neither do they act singly or in ad hoc teams. These are indeed well-organized and well-equipped groups, and above all they are ruthless in their actions. We probably could hardly cope with them on our own, and in this respect international cooperation is indispensable. This is one of those situations which forces us to cooperate with our nearest neighbors as well as with West Europe and other continents.

[Jurczenko] Thank you for the interview.

#### Ethnic Minorities: Numbers; Need for Law To Protect Rights Viewed

90EP0855A Warsaw RZECZPOSPOLITA in Polish  
8 Aug 90 p 3

[Article by Zaneta Semprich: "Poland Not Only for the Poles"]

[Text] For more than 40 years, while Poland was a people's republic, our society was told over and over again that it constitutes, or at least should constitute, a single large national group living on Polish territory. At the same time, the existence of national minorities was being glossed over, more or less tenaciously. The Polish "homo sovieticus" did not have to learn to accept in his own country the existence of communities with other ways of thinking and other cultural traditions, aspirations, and values. He was also hardly aware of what should be the practical meaning of the right of these communities to full participation in social and political life, as well as of the desirable meaning of cultural and religious coexistence.

The thinking of an overwhelming majority of the society about national, social, and religious minorities needs a kind of reeducation. This is a task that may have to be reckoned in years, if not in generations.

#### In Other Countries

In Sweden the concept of the national minority is not used, although the government subsidizes instruction in about 60 indigenous languages [as published]. Programs in as many languages are regularly broadcast on radio and television, and all this is viewed as an obligation ensuing from the pacts on the rights of man and citizen. This concept is also alien to French legislation; there are no minority representatives in the French parliament and local councils, but the initiative of parents of 15 pupils suffices to establish a class in a local language. In the FRG, the rights of the Danish national minority in Schleswig-Holstein are defined by the German-Danish Minority Declaration of 1955, which guarantees representatives of that minority a seat in the Landtag, membership in utility-enterprise committees, existence of Danish-language schools, and access to the mass media. In the Netherlands, where a draft of a new law on the principles of minority policy is being prepared since 1989, even now the laws of 1965 and 1987 which also grant to incoming minorities the right to ethnic separateness still apply. Slovenes and Croats in Austria are guaranteed by a 1955 treaty bilingualism in the districts they inhabit, along with the right to instruction in their national languages at schools. In that country also there exists a prohibition against the activities of organizations undermining the special rights of these groups, and the Council for Nationalities exists under the Office of the Chancellor. A majority of doubtful issues was resolved by the Law of 7 July 1976 on the legal status of nationality groups.

Against this background, the situation of the nearly 1,000,000 Polish citizens who are not Poles looks bad. For example, two Belorussian-language secondary schools and instruction in Belorussian at 62 Polish-language elementary schools have to suffice for the 200,000 Belorussians in Poland. Similarly, two secondary schools and two elementary schools with instruction in Ukrainian have to satisfy the needs of the roughly 300,000-strong Ukrainian minority. It was only during the current term of the Sejm that deputies stressing their non-Polish ethnic origin have been seated in it.

#### A Law?

The binding Constitution specifies equal rights for minorities. This provision remains a dead letter of the law. The draft of the new constitution also contains provisions concerning this subject. But what should be done so that history may not repeat itself?

Minority activists argue that a separate law would avert the erosion of constitutional norms. They claim, "The Polish public will not all at once change its attitude toward other nationality groups, and hence they should be protected by law." They also argue that such a law is needed owing to political and moral considerations. Fairly often they also refer to the legacy of the Second Republic, in which the minorities had not only broad parliamentary representation but also every opportunity to cultivate their own traditions.

However, legislative purists caution against such a solution. They say, "A law would be nothing other than a collection of declarations or slogans and, sooner or later, it would share the fate of the former law on youth. A more effective solution would be to draft implementing regulations for the appropriate specific laws, that is, for the laws regulating the operations of the school system, local self-governments, and administrative procedures, as well as for criminal and civil laws, and lastly, laws governing religious affairs.

No decision has been taken as yet. But several matters need to be urgently attended to. For example, the specific needs and rights of the minorities should be identified and listed.

Who should handle all this, considering that, apart from the Sejm's National and Ethnic Minorities' Committee, there does not exist any pertinent institution in this country? As late as last year minority affairs were being handled by the Ministry of Internal Affairs. At present the Ministry of Culture, which in the nature of things views minority problems through the prism of its interests, [is handling these matters]. It is a vicious circle, and not all the problems have been identified.

[Box, p. 3]

#### National Minorities in Poland

Ukrainians: About 300,000, throughout Poland.

Belorussians: About 200,000, chiefly in Bialystok Voivodship.

Czechs and Slovaks: About 15,000, chiefly in Nowy Sacz Voivodship.

Jews: About 15,000.

Lithuanians: Some 15,000, chiefly in Pusn and Sejny gminas, Suwalki Voivodship.

Greeks and Macedonians: Several thousand, chiefly in the Wroclaw, Walbrzych, and Jelenia Gora voivodships.

Germans: About 300,000, chiefly in Opole and Upper and Lower Silesia.

#### Draft Laws for Radio, Television Reviewed

90EP0851A Warsaw *GAZETA WYBORCZA* in Polish  
27 Jul 90 p 4

[Article by Anna Bikont: "Whose Television"]

[Text] The Sejm is considering two drafts of laws on radio and television, one by the government and the other, the so-called PSL [Polish Peasant Party] draft. On the motion of Deputy Andrzej Kern (OKP) [Citizens Parliamentary Club], on 26 July their consideration was tabled until the fall.

The PSL draft subordinates the old structure of the Radio Committee, without changing it, to the Parliament, while the government draft proposes abolishing the Radio Committee, appointing the National Radio and Television Council, and giving the green light to new radio and television stations.

#### The Government Draft: Radical Changes at a Snail's Pace

The Radio Committee, a state agency, will be disbanded. At the same time, a state organization, Polish Radio and Television, will continue to exist—the Chairman of the Radio Committee Drawicz is also its director—and it will become subordinated to the premier.

Some of the powers of the Radio Committee will be transferred to the proposed National Council, which is to prepare a proposal for changes in radio and television, and some of its other powers will be transferred to the Ministry of Culture.

All this is designed for a transition period which is to last not longer than six months.

The monopoly of the Radio Committee is to end. Henceforth anyone can produce and broadcast television programs upon obtaining a permit from the Ministry of Culture, which shall be granted if the application is positively evaluated by the National Radio and Television Council (the Ministry also monitors consonance with terms of the agreement and may withdraw the permit).

The National Council (with a six-year term) is to include a chairman and his deputy, both appointed by the Sejm on the recommendation of the premier, plus eight members, two each designated by the Sejm, the Senate, the president, and the premier.

The purposes of the National Council will include formulating the rules for the presentation by political parties of their positions in the mass media.

#### **The Sejm Draft: Old Structure Under New Management**

The Sejm, or PSL, draft is simple: the 1960 law should be rewritten—so far not even the changes introduced by the new decree on communications in 1984 have not been incorporated in that law—replacing the word “the government” with “the parliament” and discarding the paragraph referring to the monopoly of state television.

This draft was submitted by 70-odd deputies, including 30 from the PSL and several each from the Democratic Party, the UChS [Christian-Social Union], the PZKS [Polish Catholic Social Union], the PAX [Catholic association] and the OKP.

The Sejm draft would perpetuate the existing situation in which television remains unreformed and, as before, subordinated to a single institution (except that it is a different one). To be sure, the abolition of the [state's] monopoly is assumed, but the draft contains no specifics on what is now a fundamental issue, namely, the question of how are non-state stations to operate. The absence of legal regulation would in practice mean that the nonstate stations would be unable to start operating.

Following a tumultuous discussion, which lasted on 19 July until one o'clock in the morning, the government introduced so many revisions in the draft of the Taskforce for Reforming Television (headed by Karol Jakubowicz) at the PRiTV [Polish Radio and Television] that it can be practically termed a government draft. Still, it has failed to consider a broad gamut of aspects of the reorganization of radio and television. As a final stage, it gives the Ministry of Culture instead of the National Council permission to issue licenses for television stations.

It appears that the government is anxious to postpone the new law for another year. Upon the resolute demand of the Sejm's Culture Commission, it has begun several weeks ago to work on the draft prepared by the Taskforce for Reforming Television.

A television expert told me, “The government is being pressured to relinquish its control over television. At the same time, it is putting off granting it autonomy, fearing that in the event of popular unrest it would be much more difficult to master the situation without the help of television. One minister of state is even alleged to have said, ‘So long as the government is in control, the proposal for reforming PRiTV will not be adopted.’

The organizational status of radio and television, which everyone knows to be extremely unsatisfactory, has been frozen.”

I also heard this comment: “Analysis of the government draft leads to the conclusion that the government wants to have its cake and eat it, too.”

Aleksander Smolar, an adviser to Premier Mazowiecki, said, “In the most developed democracies a trend toward a growing role of the mass media is being observed; they are called the fourth power [in addition to the executive, legislative, and judicial]. The law draft proposed by the government is intended precisely to safeguard the diversity and independence of the mass media. A prerequisite is regulating the general operating principles of both state and private radio and television. In Poland hundreds of applications for opening new radio and television stations are yet to be acted upon.”

Smolar added, “The National Council, consisting of representatives of various national institutions will act, in a situation of tensions among these institutions, as a kind of shock absorber protecting the mass media against pressures from the authorities.

“Besides, my hope is that a government law regulating changes in radio and television will be passed within not six but two months.”

#### **The Seven Angry Men**

Six directors of regional television stations and one deputy director (from Krakow) sent us their position papers which sharply criticize the government draft as having been prepared without consulting the concerned constituencies and as strengthening centralist and bureaucratic tendencies by augmenting the powers of the National Radio and Television Council. In their opinion, this affords no opportunity for the growth of regional television networks because it subordinates them organizationally and financially to a central agency.

These regional directors propose, “The freedom of any individual or any legal entity to be active in television on one or another frequency band assigned by the minister of communications.”

The reservations expressed by the regional TV directors elicit many counterreservations. Above all, there is their demand for absolute freedom in establishing television stations. In Western countries, in England, France, or the United States, there exist bodies similar to the proposed National Council. They provide a dam, imperfect as it may be, to inundating television with primitive programs. For example, they specify the proportions of broadcasts that should be educational, panel discussion, community-oriented, etc.

But the regional directors postulate reorganizing television's Channel 2 into an interregional TV channel consisting of autonomous centers cooperating on the basis of a federation.

So far, regional TV centers have had extremely limited possibilities and time slots for broadcasting their own programs. Most time slots are occupied by centrally broadcast national programs. Once the regional centers gain organizational and financial autonomy, they could define themselves and decide on their own how many programs they want and are capable of producing; to fill gaps in their own programs, for example, Krakow may broadcast a cultural program, Wroclaw an entertainment program, and Warsaw would retain a panel discussion program.

Channel 2 as interregional television means emulating the British model. In Britain, however, selection among competing regional programs takes place at the central level (which enables deserving provincial programs to gain the national arena), and it is at the central level that decisions on the program for the country as a whole are made.

The Radio Committee is in favor of true autonomy of local television, provided that local programs are shown on Channel 3.

New law drafts are continually being proposed and rejected, and in the meantime no major changes are taking place in television.

## YUGOSLAVIA

### **Election Program of Macedonian Communists**

*90BA0268A Skopje NOVA MAKEDONIJA (supplement)  
in Macedonian 3 Aug 90 pp 1-16*

[Text]

#### **Introduction by Petar Toshev**

Following is our electoral program, a policy which will guarantee the democratic restructuring of Macedonia.

We, the SKM—Party for Democratic Change—are fighting for peace, democracy, and prosperity of Macedonia and Yugoslavia and for a just society worthy of man.

With us, Macedonia becomes a reality as a sovereign, democratic, and law-governed state. Based on the traditions of the Krushevo Manifesto and the ASNOM [Anti-Fascist Assembly of People's Liberation of Macedonia] we shall develop it as a modern state in which the citizen will be the main subject of authority, and the will of the people the source of legitimate power.

With us, in Macedonia the new economic system and the new development policy become reality. With a market-oriented management, a radical change in the economic

structure, a clear direction of technological and ecological development and the broadening of economic and social democracy, we shall advance toward a richer and more humane way of life, a life which will bring us closer to the world of the developed countries.

With us, Macedonia becomes a stable community, the common fatherland of the Macedonian people, of people of Albanian and Turkish nationality and the members of ethnic groups, such as Wallachians, Gypsies, and members of other nationalities which live in Macedonia and equally and fully exercise their human rights and freedoms. We see the future as one of interethnic, interreligious, and cultural tolerance and respect in Macedonia.

With us, Macedonia becomes a truly independent and democratic factor in the Yugoslav community. Yugoslavia is our own choice and sensible determination. The new Yugoslav treaty guarantees the sovereignty of Macedonia, the self-determination of the Macedonian people, and their democratic and equal participation in the development of modern Yugoslavia.

With us the prospect of a European Macedonia and a Macedonia in Europe is clear. This means international peace and cooperation, a world of open borders. It means the Balkans as a zone of peace in which the spiritual and cultural unification of Macedonia is a vital need.

Your vote for this electoral program is a vote for reason, peace, democracy, and the prosperity of Macedonia.

Skopje, August 1990.

#### **Electoral Program of the SKM—Party for Democratic Change**

##### **Our Basic Objectives and Purposes**

We want to and we shall achieve the radical transformation of Macedonia into a democratic and developed European state.

Man is our starting point and main purpose.

For that reason we support the integral freedom of man as an individual—his own individuality, self-initiative, creativity, and responsibility. We conceive of man in the spirit of the United Nations Organization's Declaration of Human Rights: "All human beings are born equal in terms of dignity and rights. They are endowed with a mind and a conscience, and must behave among each other in a fraternal spirit."

Democratic socialism is our main objective.

For that reason we support a society of freedom, truth, and solidarity. We are in favor of a society with an efficient economy, which can make rational decisions and implement them effectively.

Freedom means the integral expression of the human personality and responsible participation in economic, political, and cultural life. That is why we favor the type

of statutory order which would guarantee and ensure the exercise of the economic, social, and political rights of the individual, based on the fact that the freedom of the individual is a prerequisite for the freedom of all.

Justice means equal opportunities for all. We favor a society ruled by law and equality in the eyes of the law, aware of the fact that without them there can be no law-governed state or democracy.

Solidarity means a developed social state. For that reason we shall develop a system which will establish prerequisites for social security and the dignity of the individual, aware of the fact that without proper solidarity there can be no humane society.

#### Our New Identity

The SKM—Party for Democratic Change is a modern independent political party. It is a party which has undertaken the democratic restructuring of Macedonian society.

We belong to the European left.

We have radically broken with the communist-bolshevik model of party, with its doctrinaire closeness and a monopoly status in society. We base our program on the proven values of science and culture and the experience of the Macedonian revolutionary and progressive movement, as well as on the contemporary European socialist movement.

An honest attitude toward the past and traditions is an expression of our morality.

We shall continue the freedom-loving and democratic traditions of the Macedonian and Yugoslav worker, national, and national liberation movements. These traditions mean saying a firm no to national oppression and slavery; a big no to the division of the Macedonian people; a big no to uniformity of thought, autocracy, and state coercion; a big no to any inferior and dependent position of Macedonia; a big no to neo-Stalinist, nationalist, and fascist platforms; a big no to negating the results of the national liberation war and the future of the community of Yugoslav peoples.

We are open to all people who think freely and who make their independent choices and take a democratic stand.

We are the party of all those who accept our program, regardless of their class, social, national or religious affiliation. We are organized on the basis of democratic principles: membership is voluntary; we shall formulate our policy on the basis of universally accepted and believed democratic principles, and we guarantee the right to minority opinion. The purpose of our membership is not to discipline the people but to help them think freely and work in the interest of the implementation of our program for the good of everyone. We are entirely open to the young, to their initiative and thoughts which will be generated also by our party's Youth Forum.

We establish our ties voluntarily and we act independently and on the basis of equality.

Based on the principles of voluntary participation, organizational independence, and equality, we are open to establishing ties, cooperating, and acting jointly with democratic parties in the country, which have programs similar to ours, on the basis of the stipulations of democratic socialism, integral national equality, and the concepts of a modern union state.

We are responsible to our own members, to the electorate, and the entire public.

Our policy will be formulated and amended by the members. It is the voters who must give us their trust. We are totally open to the democratic public.

#### Macedonia: A Sovereign, Democratic, and Law-Governed State

We are in favor of a sovereign, democratic, law-governed state, rejecting the ideological model of the state and therefore rejecting a bureaucratic organization and arbitrariness, the harmful domination of a single party, the domination of the policy of a contractual economy, the logic of uniformity of thought and repression, and the position of inferiority and closed attitude toward European and global trends.

We shall continue the traditions of the Krushevo Manifesto and the ASNOM resolutions. We shall promote the recovery of Macedonia as a state of equal citizens. We shall develop it as the united fatherland of the Macedonian people, who achieved with it their historical desire to have their own statehood, and as the fatherland of the members of Albanian and Turkish nationality and of the ethnic groups—the Wallachians, the Gypsies, and the other nationalities, who are equal within it and enjoy their full human rights and freedoms.

The citizen is the main subject of the system.

This is a prerequisite for Macedonia to function as a modern state. Man alone—the citizen—is the source of statutory power. The legitimate power and efficient democratic control over the power come from his freely expressed will.

Parliamentary democracy is a guarantee of a democratic system and a free development of a multiparty political life.

We favor a parliamentary democracy as a guarantee that the power will be based on universal, free, secret, and direct elections. Parliamentary democracy is a prerequisite for a free and equal competition among political parties and offers a real opportunity for political power to be limited in terms of time, based on the will of the citizens.

We are in favor of a one-chamber Macedonian parliament which would guarantee the equality of the citizens as the main subject of authority.

We shall supplement and enrich parliamentary democracy with a great variety of forms of organization and ways of direct manifestation of the political will and interests of the citizens, such as referendums, petitions, etc.

A law-governed state—no one must be above the law.

There can be no democracy without a law-governed state, without a state in which all citizens are equal in the eyes of the law. This alone can guarantee and protect the exercise of human rights and freedoms.

To this effect we shall draft new, efficient, and democratic legal rules and instructions, allowing the exercise of human rights and freedoms.

A law-governed state implies the exercise of power in accordance with the statutes and the law. That is why, as a law-governed state, we shall only accept a democratic statute and a division of power as a prerequisite for restricting and exerting democratic control over the authorities.

We shall see to it that the law-governed state will not be jeopardized either by the state's abuse of power or the violation of regulations by individual citizens.

The division of power will guarantee the prevention of dictatorship or powerlessness.

We are in favor of statutory restraints in the exercise of power and a system for the separation of powers into legislative, executive, and judiciary.

The main bearer of the legislative power will be the one-chamber parliament in which the citizens will be represented as political subjects.

The responsible authority will be the bearer of the executive power. Its work will be steadily kept under parliamentary control as a prerequisite for democratic control and the implementation of statutory and legal limitations of the executive power.

The independent courts will be the holders of the judiciary power. This means a judiciary independent of ideology, political parties, the parliament, and the executive branch. Justice must serve the truth, for which reason the courts must act as the conscience of the Macedonian people.

A parliamentary democracy is the foundation for determining the nature of the functions of the president of the Republic.

We shall not apply the classical elements of the presidential system. The classical model of the presidential system calls for the competences of the president of the Republic to clash with the principles of the functioning of the parliamentary system.

Political standards and tolerance are prerequisites for a democratic state.

Democracy means mutual tolerance and respect of individual, class, political, religious, and national differences. Contradictions will be resolved through democratic means. For that reason the Macedonian state will be restructured from an ideological system to a system of institutions which will guarantee human rights and freedoms and a system which will not permit any ideological and political struggle to result in governmental and legal coercion.

A rational, efficient, and skilled administration is a prerequisite for having a modern state and satisfied citizens.

For that reason we shall radically reorganize the administration. It will be depoliticized and converted to a "service to the citizens." We shall make it capable of ensuring the efficient implementation of the laws and efficiently serving the interests and needs of the citizens.

For a democratic protection of the rights of the citizens and against a political police:

We favor the democratic protection of the rights of the citizens, for which reason we shall ensure the modernizing of the Secretariat of Internal Affairs and strengthen the reciprocal trust between it and the citizens. We oppose the existence of a political police.

Against harmful politicization of the Yugoslav People's Army:

Under the conditions of a multiparty system, it is in the interest of the Yugoslav People's Army itself not to be burdened with interparty political conflicts. The Armed Forces must remain the defenders of Yugoslav independence and territorial integrity. The organization of parties within army ranks could only weaken and divide the Armed Forces. For that reason the SKM—Party for Democratic Change believes that no single political party should be organized within the Yugoslav People's Army, so that the Armed Forces can consistently implement their statutory functions.

Through local self-government against communal exclusivity and bureaucracy:

The new organization of the state does not agree with the previous concept according to which the community independently formulates regulations and laws and ensures the observance of laws. This could turn it into a "communal state" with an economic, social, and political power which may become alienated from or even opposed to the citizens. The community will be reorganized into local self-management.

That is why we shall free it from the elements of statehood and the expensive and cumbersome administrative apparatus and defense functions which, objectively, it cannot implement.

With local self-management the republic will not become a "federation" of communities.

The Republic must not be a federation of communities but a single economic and political entity in which the law will be equally applied and the citizens will be equally protected. That is why the municipal authorities will be part of the state organization of the law-governed state as a protection from any local abuse of power.

Interethnic, religious, and cultural tolerance and respect are prerequisites for stable relations in Macedonia.

We shall develop systemic, legislative, and social prerequisites for the free national and religious declaration and expression of the citizens. The national equality of the members of national and ethnic groups will be guaranteed in accordance with the rights and within the limits of international laws and practices.

This means that our stipulations are the following: equality of citizens in the eyes of the law (no national or religious discrimination); the right to preserve and develop their national identity, cultural legacy, and customs; the right to have their own cultural institutions and organizations; the right to use their native tongue in education and the information media.

No ideologization, dogmatic attitude, and sectarianism toward religious believers:

We favor the rejection of religious dogmas concerning religion. We shall ensure the right of believers and religion to be exercised as one of the fundamental human rights and freedoms of civilization. We shall update the legal regulations concerning the status and rights of religious communities.

In our attitude toward the Macedonian Orthodox Church we proceed from the fact that that church has played and plays an exceptional cultural-historical, national, and social role. Hence we favor a clear and unequivocal policy on the part of the state authorities in connection with the nonrecognition of its autocephalic status by the neighboring Orthodox churches.

We shall ensure conditions for the development of religious tolerance and respect, as the only possibility and gain of civilization under the conditions of multiple religious faiths in Macedonia.

Yugoslavia is our own choice, our sensible determination.

We favor the Yugoslavia which developed on the basis of the decisions of the AVNOJ [Anti-Fascist Council of People's Liberation of Yugoslavia]. We are in favor of Yugoslavia as a federal, democratic community, a community of equal nations and nationalities. We are reasonably in favor of such a formulation. However, should such an agreement among Yugoslav peoples turn out to be impossible, we are prepared to organize Macedonia as a federal state within the framework of the community of Yugoslav peoples or else as a totally autonomous state, should such a decision be made by the other Yugoslav peoples.

We must become a free, social, and culturally integrated human community.

Such a community:

Will guarantee the social equality of the sexes and will provide the material, educational, and cultural prerequisites for the implementation of the statutory equality of men and women;

Will develop relations which will guarantee the cohabitation of generations rather than the creation of generation gaps and even gaps based on ideology and politics. Cohesion and understanding must be developed rather than intolerance and mistrust;

Will create the material, social, legal, and other prerequisites for the family to be the expression of human security, harmony, and love;

Children will be a special subject of legal and social protection, with developed conditions and institutions which will guarantee a healthy and carefree childhood and quality education and upbringing;

The young will pursue their own interests in accordance with their views on social progress and individual prospects;

The old will benefit from material, social, and humane security based on the principles of the social state and solidarity. Society must respect their dignity.

To us, democracy is inconceivable without a democratic policy of openness and without the right to making obvious use of the minds of the citizens concerning matters of their interest.

That is why we consider that the right to information means the right to obtain accurate and prompt information pertaining to affairs which are of interest to the life and work of the individual and the right of every person to express his own views of the truth, restricted by no law or a monopoly of the media.

We shall ensure total high quality television reception throughout the territory of the Republic.

The freedom and independence of the media will be limited only by the high ethical standards of journalism. Journalists will be secured conditions for unhindered work and stable trade union protection of their work rights.

For free and independent trade unions:

Under the conditions of a free and united society, free and independent trade unions are a prerequisite and a guarantee for exercising and protecting the rights and interests of the workers. That is why we are in favor for trade unions to be totally free from state tutorship and party domination and become a real partner in settling worker relations, agreeing on the cost of manpower, developing a social consensus and ensuring social peace.

**A Richer Life Through a New Economic System and a New Development and Economic Policy**

The new economic system is a prerequisite for a more efficient management.

We shall try to promote the total replacement of the present economic system with a market-oriented management system. Accordingly:

We shall develop the type of legislation which will make possible steady competition on the Yugoslav market;

We shall accelerate the opening of institutes and institutions which will make possible the successful functioning of the united market and, especially, the capital and manpower markets;

We shall develop an efficient system of relations with enterprises on the basis of numerous modern aspects of participation and self-management;

We shall develop economical and the most socially suitable means of transforming public into other forms of ownership. We favor the organization of optimal relations between the private and public (state) sectors; privatization and special incentives for shareholding by workers; an economical price in purchasing and selling of enterprises, either in terms of shares or in their totality; the establishment of a state authority on the Republic level, which will guide the reprivatization process;

We shall see to it that enterprises and banks become profitable organizations.

For a new tax legislation:

We shall totally reform the system of public finances as one of the initial instruments for economic management.

Taxes and fees, budget planning and financial incentives, public investments, and monetary and credit policies will be reciprocally coordinated in order to ensure the implementation of fiscal, economic, and social objectives.

We shall ensure the following with the new tax legislation: a restructured distribution of the public spending; encouragement of a sensible investment apportionment of revenues and prevention of speculative appropriations; optimal definition of a tax-free subsistence minimum; elimination of unjustified tax subsidies; the income from monetary deposits (which are increasing) to be treated on the same basis as income from labor; replacing indirect with direct taxation.

The unemployed can wait no longer. For a development and economic policy leading to high employment:

The conscience of the employed must be concerned with the problems of the unemployed. For that reason we shall immediately undertake to deal with that problem.

Taking a positive step toward economic growth is the basic prerequisite for undertaking the solution of the unemployment problem.

To this effect we shall develop systematic conditions and pursue an investment policy and formulate legislation which will strengthen investments by domestic and foreign enterprises. Through development funds the state will directly participate in the opening of new jobs; this will apply both to individuals entering the labor market and the technological and economic labor "surpluses."

Through the taxation policy we shall encourage the reinvestment of profits of enterprises and draft a plan for some public investments the direct purpose of which will be to eliminate unemployment.

We shall provide institutional and material prerequisites for the fast retraining and further training of the unemployed and people with jobs who need it.

We shall develop a system for fast and accurate information about available jobs.

We shall see to it that all workers are included in the collective contract system and under the protection of the law (in both the public and private sectors).

We have resolved to surmount the economic difficulties and social and political instability.

For the past decade Macedonia has shown no economic growth; for 10 years it has stagnated and the living standard of the population has been declining. With our concepts of economic and political reform in Macedonia and the development and economic policy we are both willing and able to eliminate this agony.

Macedonia will develop at a faster pace compared to the developed republics in Yugoslavia and Western Europe. This is a prerequisite for its socioeconomic, cultural, and political integration with Yugoslavia and Europe. Such a development can be achieved by creating conditions for developing the initiative and interests of the people and the utilization of the extensive material and human resources which Macedonia has. Within this framework we shall undertake to enhance the potential along the Vardar River. We support the Krushevo initiative of its development as a special economic, tourist, and cultural entity.

We support the initiated reform activities and the policy implemented by the Union authorities, with a clear orientation toward a market economy, the rule of law, and a modern Union state.

Economic growth demands a skilled and fast restructuring of the economy.

We shall give priority to projects and facilities requiring smaller capital investments, energy, and raw materials; priority will be given to industrial units which ensure a higher profit per unit of invested capital and faster

technological development, and which meet the requirements of the world marketplace in terms of price, quality, and design.

Technological innovations are the mark of a dynamic economy.

Technological innovations must be a function of increased work efficiency, reduction of working time, conservation of energy and raw materials, and the humanizing of labor. Technology must be ecological, motivate the individual to work and prevent the alienation of labor.

The responsible state must inaugurate and encourage processes of sensible technological development.

A prerequisite to this effect is a considered educational, scientific, technological, and communications policy. Within such a function we shall develop the necessary institutions which will ensure the required technical development: business schools for the training of top cadres of entrepreneurs, in cooperation with world famous schools; the development of a modern system for information and communications; centers for technological development and technology generators; centers for research and development of high technologies; training cadres of young researchers.

In order to ensure the implementation of the new strategy of technological development, appropriations from public production for science and scientific research will be at least doubled compared to the present. Within the framework of the Macedonian Parliament we shall organize a body which will evaluate the social and ecological consequences of the application of new technologies.

Faster development of small and medium-sized enterprises:

The establishment of small and medium-sized enterprises is a significant prerequisite for faster economic growth, the opening of new jobs, changing the economic structure, applying technological progress, and increasing economic productivity in the Republic.

To this effect we shall draft a special program which will clearly stipulate the obligations of the state authorities. Special institutions will be set up to ensure the promotion and support of development of small and medium-sized enterprises (agencies, development funds, and risk-reducing institutions for newly founded enterprises). Their founding and development will be particularly stimulated through fiscal and credit policies.

A reliable future for private initiative:

Craftsmen and owners of private shops will enjoy equal status with the other economic management entities. This applies above all to taxes and contributions, financial transactions, job security, etc.

Enterprise and management:

We shall see to it that the lack of knowledge of entrepreneurial traditions in our country is corrected with a

variety of means of gaining suitable knowledge in the enterprise and management areas. To this effect we shall formulate a program for the training of entrepreneurial cadres and establishing a Republic center for the qualification of entrepreneurs. We shall use all possible approaches for the training of management cadres, such as short courses, several-months-long specialization courses, and the organization of postgraduate studies in management. We shall initiate the establishment of a fund for the training of managers in noted business schools throughout the world.

A new development and economic policy in farming is our priority.

We shall abandon the agricultural policy which led to a shortage of food and which impoverished and left the peasants dissatisfied and the countryside underdeveloped. There is no justification for abandoning the arable land and mass migration to the cities and for expensive and insufficiently healthy food.

Agriculture cannot continue to be subordinate to the development of industry and be the provider of society through the low prices paid for agricultural produce.

We pledge that farmers will become real commodity producers and we shall pursue an active policy of support of the development of agriculture. To this effect we shall ensure the following:

The rapid creation of conditions for the development of a farmer-style production method. We shall make major changes in the legislation, especially in terms of the regulations concerning farming and forestry operations; a corresponding tax legislation and regulations governing trade; a stable policy for the purchasing and processing of farm produce; antimonopoly protection; protection from foreign competition, etc.;

A change in land policy according to which specific steps will be taken to consolidate land property, above all by changing the regulations governing inheritance, leasing, and relocation. Specific steps will be taken for the very necessary compensation and rezoning of the land;

Pursuit of a policy and taking steps for stable production and purchasing of some produce, thus protecting the producers (especially the small ones) and avoiding undesirable production surpluses;

Particular incentives will be provided for livestock breeding;

A special structural fund and an agricultural bank will be established to finance the development of agriculture;

Incentives will be provided for the development of an independent and strong system of cooperatives based on communal programs in the interest of the farmers themselves and of enhancing their economic strength;

Forestry will be encouraged as one of the means of putting an end to destruction of the soil and worsening the climate.

For a better and more humane life in the countryside:

We shall revitalize and ensure the development of the countryside in Macedonia. The development of agriculture is impossible without better rural living conditions. That is why we shall ensure the building of a corresponding economic (roads, post-telegraph and telephone cables, water mains, sewer mains, etc.) and social (educational, health, and cultural institutions) infrastructure, thus providing also conditions for the development of nonagricultural activities and services in the villages. We shall reinstate the system of pension security of the farmers as a prerequisite for the social and material security of the peasant and his family.

The humanizing of life in the countryside is the way to stop the migration from country to town.

Ensuring the availability of potable and irrigation water is a prerequisite for life.

We shall draft a program for the regular long-range supply of the population with clean water for drinking. This will be achieved through the efficient use of the permanent capacities but also by building a greater number of small storing and hydraulic reclamation systems for multiple use. The areas to be flooded will be expanded in order to improve farming conditions.

Tourism is our opportunity.

We shall ensure the better utilization of tourist facilities and improve the quality and nature of available boarding and nonboarding houses. We can also extract benefits from transit tourism, above all along the Fraternity and Unity Highway.

We shall also pay attention to caring for facilities available in the tourist centers throughout the tourist season.

Exports based on a strong economic foundation are an essential prerequisite for a new quality of development.

We commit ourselves to the reorganization of a new, market-oriented export strategy aimed at our emergence on the world markets. We shall develop an export orientation based on the production of finished and wholesome bioproducts.

In order to increase exports we shall train cadres with specific knowledge of foreign trade. We shall promote new forms of economic-technological cooperation with foreign countries, especially in the area of joint investments and opening our own enterprises abroad.

The European integration processes are our target.

We shall formulate a national development strategy for becoming part of the European integration process. We shall surmount the current situation according to which the state of Macedonia does not finance a single program

within the framework of major European projects, such as the industrial-scientific comprehensive project (EUREKA), the search for new materials (EURAM), new industrial technologies (BRITE), and projects in the areas of information and communications (ESPRIT and RATSE), etc.

We shall draft specific programs with which we shall compete for participation in the European development funds. Without this we shall be in Europe but not part of Europe.

The economy must master more quickly all the standards of the EEC and be better prepared, with every passing day, for equal participation in the European market and gradual inclusion within the EEC.

A healthy life for the present and future generations:

The protection of the human living environment will be the most important trend in our commitment. We proceed from the rule that the right to the use of nature by the present generations must not threaten the exercise of the same right by future generations.

We reject the philosophy of taking all we need from nature to meet our requirements while discarding anything we do not need and thus violate the natural balance. The right to human life in a healthy natural environment is considered by us inalienable and natural.

Protection of the ecology is an important criterion of the new development policy.

The new development policy also means a change in the attitude toward ecology. We shall insist that investment plans include expenditures for the protection of the human environment. We shall formulate a comprehensive legal set of rules which will include the highest possible standards in the area of ecological protection. We shall also establish strict control over their application.

The new tax legislation will also increase the protection of the living environment. This calls for much higher taxation of ecologically harmful production processes and goods.

No development can justify the destruction of the natural resources and the harming of human health. We shall protect the air, the forests, and waters of Macedonia. However, we shall also ensure a rational attitude in the utilization of natural resources.

We oppose the building of nuclear power plants.

For efficient and humane health care:

We commit ourselves to improving the material foundations and ensuring stable sources for financing health care. Health care must be the concern of the state. However, we also support the development of the private health care sector, which will improve the availability and quality of health care services.

We shall guarantee the equality of the citizens in preventive and basic health protection, and the health protection of children, the elderly, and the socially threatened individuals.

In order to surmount division within and the autarchic nature of the health care system by municipalities, within the municipalities priority will be given to basic and preventive protection; the restructuring of the health care system will ensure a higher standard of health protection.

We shall ensure the professional independence of health care establishments and institutions.

Reducing economic holding is a prerequisite for increasing the development capability of enterprises.

We shall put an end to the bureaucratic and party authorities which financed their cumbersome and unproductive apparatus and common and social communal needs out of tremendous appropriations taken from the economy.

The Macedonian enterprises should not be taxed more heavily than enterprises in the developed European countries. To this effect there will be a comprehensive reform of the state administration. We shall close down or reform a number of Republic institutions with a view to having a much less expensive and much more efficient administration.

Yugoslavia has the opportunity to become united by developing a system for successful enhancement of economic and social integration among its peoples.

Locally, a market-oriented economy will work for a gradual integration of the economy regardless of territorial boundaries; nonetheless, it will also function along the line of increasing the economic differences among the republics. For that reason the Union authorities must pursue an efficient policy of stimulating the interest of producers to engage in the type of development which will reduce unacceptable economic and social disparities.

For that reason we shall ask of the Union authorities to establish clear functions relative to the successful implementation of an efficient regional policy. We favor reforming the system of encouraging the faster development of insufficiently developed republics and of Kosovo, in accordance with the logic of the new economic system.

We shall ensure a successful regional policy in Macedonia, such as to end the present economic lagging and the depopulation of areas in the Republic. We shall make a scientific study and develop an entirely new system for even regional progress of the Republic and for the resettlement of the abandoned areas.

Social peace and economic prosperity in Macedonia require a socially controlled demographic population growth.

The pace of the natural growth of the Macedonian population must be consistent with socioeconomic possibilities. There can be no social peace nor economic prosperity or adequate individual standards and security without an efficient demographic policy.

The initiated demographic policy and the steps which will be taken will lead to significant progress. We shall protect the natural right to reproduction in accordance with the possibility of ensuring living and working conditions worthy of man.

Economic and social democracy is a prerequisite for the protection and increased rights of the workers.

We commit ourselves to the broadening of economic democracy as a way to the implementation of common interests and control over all the aspects of economic power and faster economic development. Economic democracy is a necessary prerequisite for the development of society. It makes possible ownership, private initiative with responsibility for the development of the community, and competition with state regulated enterprises, and entrepreneurial freedom with control by the authorities, based on independent decision making and management.

To this effect, we shall pursue the following policy:

The domination of the market must not violate the interests of the working class, consumers, and competitors;

The power of capital must not prevail over the people in the course of the labor process and the labor market;

The market must function wherever possible and planning must be applied wherever necessary;

Banks and insurance companies must not turn into a power which will rule enterprises and society;

Have an ecological and socially responsible economy, for democratic decisions have priority compared to profits and economic power.

The right to independent decisionmaking and self-government of the workers is considered by us a natural right.

No economic democracy is possible without the equal participation and skilled decisionmaking by the workers.

We shall pursue a policy which will ensure the following:

Suitable worker representation in enterprise management authorities;

The right of the workers to be informed and consulted, and to discuss, control, and participate in all decisions related to the fate of the enterprise in which they work;

The right to representation of all workers in individual projects, regardless of the size of the project or the nature of the workers' employment contract;

The right of the workers to be included in the solution of all problems pertaining to them and to be able to influence the quality of decisions and prevent the making of decisions without preliminary discussion and the possibility for arbitration;

Unhindered right to free membership in trade unions and corresponding protection of trade union activists and the right to gather at their work place and during working time;

Expand the right of the workers in the distribution of profits;

Increase the participation of the workers in the property of the enterprise.

For justice and social security:

We shall develop the social functions of the state. The labor movement has always persistently struggled for a social state. We shall protect and enhance its gains.

We shall pursue a social policy which will safeguard the dignity of man. Our purpose is to provide social security to people who are employed, to the unemployed, the pensioners, and the handicapped.

By pursuing a policy of justice and social security we wish to achieve the following:

The level of wages is to be determined with the collective contracts on the basis of talks among trade unions, employers, and the state;

The basic wage must be such as to ensure the normal reproduction of the manpower of the worker and his family;

The tax policy and the legislation must be a function of social justice;

Greater protection to workers whose work status is insecure, and broadening the social protection rights of the unemployed;

The development of social services must be consistent with actual possibilities and needs;

The standard of social assistance must be such as to guarantee the dignity of man and his existence;

The right to social assistance must be granted on a case-to-case basis;

The Macedonian state will be responsible for the stable financing of the social security system, social services, and the health and medical care, based on agreed upon standards, with a steady trend toward their improvement;

Every unemployed Macedonian citizen must be given financial assistance to meet his basic living requirements;

The problem of the technological and economic worker "surpluses" must be dealt with on an organized basis. The responsibility for the solution of this problem will be that of the enterprises, the state, and the individuals entrusted with dealing with such problems.

The enterprises and the state bear special responsibility. Jointly, they could formulate programs and plans for the productive reemployment of such "surplus" workers or providing them with financial security;

The pensions system will be updated on the basis of a system of funds, the clearly formulated responsibility of the state and the principle of solidarity;

We shall introduce a new housing policy, abandoning the system of withholding from personal income for housing construction and a system for the distribution of public housing, which is one of the sources of social stratification;

The financing of housing construction will be converted from public to private.

A system of economical rents will be introduced and the sale of the public housing facilities will be undertaken. The thus acquired funds will be used to finance the building of new housing.

The system of joint house building will be retained for some population strata which are unable independently to resolve their housing problem.

We shall also develop corresponding forms of financing the building of housing (through savings, mortgages, etc.). Great attention will be paid also to urban planning and, in general, to the urbanization of smaller settlements.

Help those who are honest and capable of winning.

Macedonia will not be anyone's province.

Central Committee of the SKM—Party for Democratic Change

Preelectoral and electoral activities fund, checking account 40100-678-35914

Skopje

#### **Culture, Education, and Science Are Prerequisites for Higher Living and Spiritual Standards**

Culture and the arts are our human and national identity.

Through our cultural policy we shall express our basic humanistic and democratic values and traditions. To us, culture and the arts are neither a "social superstructure" nor "consumption" or else a ground for ideological experimental and political fights or arbitrations.

To us, culture means life, a prerequisite for the free and critical thinking, speaking, and creating by man.

Without the freedom to create there can be neither an emancipated and free individual nor free and emancipated peoples and nations.

That is why we want Macedonia to be a land of multiple cultures, and of integral creative freedom and capable of stimulating the creativity of the young and the material and social worthiness of culture and the arts. To this effect:

We shall draft and implement a long-term program for cultural development of the Socialist Republic of Macedonia;

We shall provide access to Yugoslav, European, and world multiple culture;

We shall ensure the overall equality of culture of the various ethnic groups in the Republic;

We shall ensure the cultural and spiritual integration with Macedonians in neighboring lands;

We shall promote the overall assertion of and concern for the Macedonian language in speech. The purity of the language and the use of the Macedonian literary language in education, in the media, and in communications in general, is a prerequisite for the preservation of the identity, originality, and pride of the Macedonian people;

We shall ensure the availability of material, social, and other prerequisites for the development of literary creativity, publishing, theater, motion pictures, music, painting, amateur cultural activities, and folklore as a structural part of the European and global creative accomplishments;

We shall set up a Republic Ministry of Culture;

We shall introduce a new legal regulation which will guarantee a rational and efficient system of financing: permanent (foundations, budget) sources, and other sources with which democratic systems are familiar (donations, sponsorships, etc.) as well as sources which are typical under the conditions of a market economy (realistic prices of cultural and art work). No less than one percent of the public revenue will be appropriated for culture.

Education and science as a function of development in the 21st century:

Investments in knowledge are most important economic, social, and cultural investments. That is why we shall develop a radically new system for financing education and science and paying for work in such areas, as well as extensive ties with worldwide education and scientific centers.

We shall organize the educational system on an entirely new basis: We shall radically abandon the present concept of hasty experimentation with knowledge, education, and the future of the young. To us, education means

equal opportunity for all; the development of individuals who will be able to think critically and do creative work on the basis of firm knowledge; advancing closer to European educational standards; applying a system for encouraging talented people; restoring the material security and dignity of workers in education. Ideology must be kept away from the classroom and replaced with science. We must ensure that pluralism in ownership applies to the educational system as well.

Science becomes meaningful only if it promotes progress and the humanizing of life. Ideologized and politicized science is nothing but an apology.

For that reason we are in favor of developing the quality of science. We shall at least double allocations for science, for the sake of strengthening the material and cadre facilities, extensively opening ourselves to Europe and the world, and ensuring the reaching of global standards in the valorization and application of scientific results.

Special steps will be taken to encourage the training of top cadres and specialists in the individual areas who will be able to advance the organization and management of production processes, analyze technological trends, and engage in the selective transfer and creative improvement of technology.

We favor an autonomous university.

We call for the autonomous status of the university as the fundamental principle in the functioning and development of institutions for higher training and scientific research. This means freedom of creativity and freedom in attaining new knowledge and their absorption by the students and the public. This also means independence in the formulation of work programs, cadre policy, and determining the organizational structure.

The university must be free from ideological subordination and ordinary politics.

Sound mind in a healthy body:

We shall see to it that sports and recreation are accessible to all individuals. We shall separate mass from professional sports through a system of organization and financing.

**For a European Macedonia and for a Macedonia in Europe**

We must come closer to Europe so that Europe may come closer to us.

The changes in the political and economic system and the dynamic economic and cultural development of Macedonia will guarantee a European style of life and Europe to become our common home. This objective cannot be achieved immediately in all areas. However, we could make rapid progress toward reaching the level of European living standards, which will also become a yardstick for assessing the success of our policies.

This requires radical changes in all areas of our life. We need an overall reform of the economic system which will make it possible to work with global standards of efficiency. We must adapt the political system to the European standards. We must provide the civil rights and freedoms which are today accepted in the developed world. We must make changes in the overall judicial system. Most importantly, we must increase our ability to produce with European efficiency and productivity.

We pledge that Yugoslavia will be included in the European economic integration system. This is of national, political, and economic interest to Macedonia. It is only through a united Europe that all cultural and economic ties of the Macedonian people can be forged.

It is in the interest of all Balkan nations to prepare themselves for a united Europe through the establishment of regional ties.

The historical legacy of the Balkans will be surmounted with the help of a broad and unhindered interchange of people, material goods, and ideas.

This is of vital and lasting interest to the Macedonian and the other Balkan nations. We shall apply all democratic methods for the free and comprehensive development and assertion of the Macedonian national minority in neighboring lands and for honoring their national identity and dignity, as a lasting bridge toward the building of stable neighborly relations, trust, and cooperation.

We shall initiate the formulation of a specific program for the cultural and spiritual unification of all Macedonians, including the Macedonian national minorities in neighboring lands.

For the Macedonian minority—an energetic Yugoslav foreign policy.

We find unsuitable the practice of opportunistic and defensive practices of Yugoslav foreign policy in terms

of the official formulation of the demand for human and minority rights of Macedonians in neighboring countries. We shall demand of the Yugoslav state persistently and energetically to raise the question of minority rights at international fora and to formulate initiatives for a substantiated dialogue with the neighboring countries inhabited by a Macedonian national minority.

We pledge to obstruct the use of repressive and suppressive measures by great-power nationalistic and chauvinistic forces, aimed at the nonrecognition of Macedonia, the Macedonian people, and their minorities, and their discrimination against them and gross violation of their human and civil rights.

Concern for those employed abroad:

We favor a consistent application of international conventions and agreements in the exercise of the rights of our workers abroad, based on worker relations.

We shall be concerned with the organized and legal support of the demands for their identity, and promotion of their national culture, study of their native language, and the development of new and more specific ways and means of ties with their native land.

We shall undertake the creation of a political and economic atmosphere which will promote their return to their fatherland and their direct involvement in the building of Macedonia and its economy.

Macedonian emigres must become active promoters of the building and development of Macedonia.

We intend to be concerned with and broaden ties with our emigres abroad. We shall be concerned with the preservation of the national identity and spiritual and cultural ties with our emigres regardless of their ethnic and religious affiliation and ideological views. They are part of our national life. In a democratic and progressive Macedonia any one of our emigres will have the possibility and interest to become involved in the building of Macedonia. We shall assist this interest in all possible ways.

## CZECHOSLOVAKIA

**Klaus Reviews Economic Performance Since November**  
90CH0402A Prague *OBCANSKY DENIK* in Czech  
24 Aug 90 p 1

[Article by Vaclav Klaus: "In 1990"]

[Text] Since 17 November (that is approximately nine months), we are striving to perform the unique operation of changing the nationalized, the bureaucratically controlled, and extremely inefficient and unjust economy into a normally functioning clear and lucid market system, such as we know it to exist in neighboring West European countries. We can (and must) discuss whether we are conducting this operation with adequate speed because we know very well that a number of obstacles lie in its path—ranging from ideologically or socially motivated prejudices or fears through Mafia-type sabotage striving to defend privileges created in the past, all the way through organizational, technical, or legislative tricks and hitches. I am convinced that this extremely difficult process is proceeding precisely as fast as it can proceed under the given conditions, although it is a pace which is far slower than I would personally like to see or which many readers would wish for.

Something completely different is the evaluation of how our economy is actually developing from the quantitative standpoint, what kind of economic results we are achieving. This evaluation is important because the opponents of our reform process are abusing the halting of economic growth, which doubtlessly occurred in our country this year (and I would say that it had to occur for a number of reasons), to level unjustified criticism at the pace of economic reform and economic policy which accompanies it.

Before we look at some fundamental data, it is necessary to state that in the other countries of the former CEMA, the decline is greater than 10 percent. In our country, for the first seven months (January through July) of 1990, gross production declined on average by 3.2 percent. Even though we may have our reservations regarding the meaningfulness of this indicator, it is undoubtedly a conspicuous decline and can and does result in a feeling of uneasiness among the public. If we look behind this one frequently cited figure, the picture is somewhat changed:

- In comparison with last year, we had three workdays less, so that average daily production declined only by 1.4 percent, which is already far less. The increase in the number of free days is not considered by the Czechoslovak population as "a loss."
- The decline in production is very uneven, sometimes it is desirable, sometimes it is not. The largest decline occurred in the extraction of coal (by 10.1 percent) and in the uranium industry (by 8.4 percent). If, even given this express decline in production, no shortage of production in these industries is signaled by the market, then it can be said that even in this case we are not looking at an economic loss which we need to eliminate.

- The decline in industrial production was accompanied by a decline in the number of workers by 2.4 percent which means that a more serious decline in productivity virtually did not occur.
- In industry (as well as in the construction industry), the number of workers is declining without resulting in increased unemployment in this country. From this, it follows that the majority of these released workers immediately found other employment (in private enterprises or in the tertiary sphere), something which is not reflected in the statistics covering gross production in industry or in construction. Nevertheless, this leads to a degree of cost effectiveness.

The purpose of these few lines is not to comment, in detail, on the latest statistical reports and to draw attention to some more favorable and some less favorable data. The purpose of these lines is to remind readers that in today's dramatic period of dismantling the old and creating the new not even the greatest optimist can expect that economic growth will accelerate (and it is not possible at all to use that criterion to evaluate the success or failure of today's economic policy) and these lines are simultaneously intended to be a reminder that today's economic policy must not set as its goal the attainment of short-term acceleration in economic growth—at any price. The goal of economic policy—during the period of implementation involving systems changes of the basic order—is to maintain the existing standard of living of the populace (including its individual as well as heterogeneous groupings) and to implement all these changes without causing rapid inflation, which would mean a dangerous destabilization of the social certitudes as they pertain to the population and to the economic conditions according to which our entrepreneurial entities make their decisions. We must assure the strongest purchasing power for the Czechoslovak koruna in the domestic market (and to absolutely exclude any kind of threat posed by currency reform or by other similar actions), we must maintain the present volume of production and of national income—even despite all external impacts (the most recent unpleasant novelty in this regard is the Iraqi aggression in the enormously sensitive region of world oil deposits), but we cannot today promise an increase in production by a certain percentage per year. Jump-starting economic growth can occur only after implementation of fundamental systems changes, the core of which is the privatization of state enterprises and the liberalization of prices, of foreign trade, and of the rate of exchange.

**Belcak on Autonomy of Slovak Economy**  
90CH0393A Bratislava *SLOVENSKY DENNIK*  
in Slovak 20 Aug 90 p 4

[Interview with Jozef Belcak by Margita Betinska; place and date not given: "We Talk With Minister of the Slovak Government Jozef Belcak"]

[Text] According to the constitutional law on Czechoslovak federation of 1968, the economy of the state was based on the integration of the two national economies

while respecting the common principles of emission, price, and industrial policies, foreign relations, legislation, and other activities. The constitutional law of 1970 brought basic changes in this arrangement and in the sphere of authority of the federal and republic agencies. The principle of integration of two authentic national economies was replaced by the concept of a unified Czechoslovak economy. Within the meaning of this law, the federal agencies took into their sphere of responsibility the management of the fuel and energy complex, metallurgy, mining, and engineering including the electronics industry, as well as transportation and communications. The economic potential of the Slovak Republic which fell under the authority of the federal agencies represents 45 percent of industrial production of the state sector of the Slovak Republic's economy, not counting the JRD [unified agricultural cooperatives].

We spoke about the basic changes in the exploitation of the Slovakia's economic potential with a minister of the SR [Slovak Republic] Government, Jozef Belcak, who is tasked with setting up and managing the new ministerial department.

[Betinska] The Ministry of the Economy of the Slovak Republic is being created; what can we expect from it?

[Belcak] We are attempting to return to the principle of the original constitutional law, that is, the principle of ownership of the national treasure and each republic's management of the resources created in its territory. In this sense we are also preparing new budgetary regulations which should go into effect on 1 January 1991. The very existence of this intention requires that we put into being a management structure for this task in the Slovak Republic Government. The first step will be the establishment of a new central agency of the Slovak Republic Government, the Ministry of the Economy, but there will also be other agencies. The main thing is that the establishment of the new ministries will take place under the condition that there not be any expansion of the administrative bureaucracy with the Slovak Republic.

[Betinska] Can you give us the reasons for the creation of the SR Ministry of the Economy and at the same time clarify what the main activities of this ministry will be?

[Belcak] This newly created agency will be entrusted with, among other things, certain functions regarding the economy of the Slovak Republic as a whole and must first of all take over the role of the central branch agency for engineering and the electronics industry, mining, and the extraction and processing of magnetite. And since the performance of these functions will take place during a period of transition, that is, while state enterprises are in existence, the administrative and material tasks are demanding. They will consist of fulfilling the function of the founder of economic entities; deciding on the division, merger, or disestablishment of enterprises; discussing changes with the local self-administration agencies; laying out the areas of activity for enterprises and meeting the public interests of the regions; deciding on

denationalization and privatization; approving the annual audits of enterprises; and other tasks. There are a lot more of them, but we do not have the space here to include them all. A permanent task will be the creation of the concept of the structural policy regarding these branches and its actual implementation. We assume that in the near term this will be transferred into the sphere of responsibility of the republic agencies and in this case the management of other branches which are currently managed at the federal level will come under the authority of the Ministry of the Economy of the Slovak Republic.

[Betinska] Could you give us some numbers by way of illustration?

[Belcak] Of the above branches, that is, engineering and the electronics industry, there is currently a large number of enterprises and a considerable potential, along with the problems that they have, of course. Of the total of 71 enterprises in the heavy engineering branch, 13 will be transferred into the jurisdiction of republic agencies in Slovakia. Of the total of 258 enterprises in the general engineering branch, 81 enterprises will be transferred to the jurisdiction of the SR Ministry of the Economy. And finally of the total of 130 enterprises in the electronics industry, 31 will be transferred into the sphere of responsibility of the Slovak agencies and the SR Ministry of the Economy. At the same time we will prepare for the inclusion of other branches into the SR Ministry of the Economy. These are branches which are managed by departments of the SR Ministry of Industry, the SR Ministry of Building and Construction, the SR Ministry of Trade and Tourism and will in the future also involve branches of the wood processing industry and the food-stuffs and pharmaceuticals industry.

[Betinska] With what are you currently occupying yourself?

[Belcak] As far as the Ministry of the Economy itself is concerned, it is possible to expect, and we also wish it, that it will become the actual place of economic management of the economy in Slovakia. Currently we are creating the conditions for this, mainly in terms of space, personnel, and other matters. Working groups have been formed to implement definition of the enterprises, including their data bases, as well as definition of the founding activities and other activities, including employment, as well as planning of the nature of the activities and the creation of its organization structure. This process is taking place with the support of the entire government and its individual ministers as well. We are currently setting up contacts with the branches which will be transferred over to the jurisdiction of the SR Ministry of the Economy, as well as with the partner state agencies at the federal level and at the level of the Czech Republic as well.

[Betinska] How will the SR Ministry of the Economy fit into the creation of the new economic conditions?

[Belcak] Currently we have a clear opinion that economic revival can only be brought about by a transition

to a market economy. Its individual steps are formulated in the strategy for economic reform which will be further worked out in detail and made more specific. This will give a new basis both to relations between the state and the economic sphere and the relations between the central agencies and the entrepreneurial activities. Directive determination of tasks or allocation of resources are obsolete.

[Betinska] Yes, today that is clear to all of us. But what effects will this have on the central agencies of the state administration?

[Belcak] Despite the recognition of this, it does not mean that the central agencies do not have and will not in the future have a very responsible mission. As far as the newly created economic department is concerned, it will bear great responsibility for the stable functioning of the economy and especially during the transition period it will be required to utilize economic tools such as credits, interest rates, other financial tools, the custom duties, and such with skillful application and with daily, regular cooperation with the Ministry of Finance, Labor, and Social Affairs, with the Ministry for Economy Strategy, with the State Bank, and with other ministries. We have a great responsibility ahead of us in the practical application of commercialization, among other things in the transition of state enterprises to stock corporations and the related privatization. In connection with the transition to a market mechanism and the liberalization of the foreign trade activities with the creation of new economic entities, there is an objective increase in the importance of consultant and engineering activities whose development we will intensively support.

[Betinska] How will you assist the action of the market in the development of the economy?

[Belcak] We will support the market action by working out and implementing a state structural policy in the form of stimulating production fields with a long-term effective outlook and in the form of an overall solution to impact-reducing programs including retraining, replacement production, jobs, and other social questions.

[Betinska] In accordance with the program decree of the SR Government, some of the agencies are being abolished and some created; which ones will this involve, especially departments, and what can we expect, what changes and in what timeframe?

[Belcak] Yes, we have ideas about how we will manage the economy under the conditions of the Slovak Republic. This involves abolition of the Slovak Commission for Planning and R&D and the creation of the Ministry for National Economic Strategy, creation of the Ministry of the Economy, creation of the Ministry for the Administration of National Property and Privatization, as well as the Antimonopoly Agency. In connection with this, it is necessary to emphasize again that the creation of the new agencies in no case will mean an increase in the labor force of the state administration in

the SR. As far as the branch ministries are concerned, we have already begun discussions about how to merge gradually the ministries of industry, construction, trade, and other branches into the Ministry of the Economy, how we will manage its operations, how we will support its activities in accordance with the conditions and the principles of radical economic reforms so that we will have created good conditions for the smooth transition of the SR's economy over to a market mechanism.

[Betinska] To what degree will you be able to affect the foreign economic relations of the CSFR?

[Belcak] Our ministry will also be concerned with external economic relations. Until now the decisive share in the conceptualizing of state policies was concentrated in the Federal Ministry of Foreign Trade, the Federal Ministry of Finance, the State Planning Commission, and the State Bank of Czechoslovakia. A practical implementation of the constitutional laws according to the so-called jurisdictional law No. 194/88 of the Zbirka meant a concentration of the key authority in the federally managed agencies, especially in the Ministry of Foreign Trade. We assume that the above questions, including completion of the republic constitutions, will be basically resolved by the governments of national cooperation. This involves resolving these problems as soon as possible. It is a matter of jurisdictions and their performance in the Czech and Slovak Federal Republics, especially from the standpoint of formulating a real federation from below. We already now have specific views about the role of the Slovak Republic in the implementation of the foreign policy of the Czech and Slovak Federal Republic and on how to set up the management of external economic relations within the sphere of authority of the Slovak Republic Government, as well as at the new ministries.

Significant progress in the solution of these problems was achieved in the discussions at Trenciansky Teplice recently where they took place at the level of the chairmen and vice chairmen of the federal and national governments.

[Betinska] In what manner do you want to deal with the urgent question of the Slovak automobile industry and the conversion of the arms industry?

[Belcak] Currently there are intensive discussions under way between the Czechoslovak representatives and the foreign partners. The goal of these discussions is accelerated utilization of the capacity already built in BAZ [Bratislava Auto Plants] in Bratislava for the production of utility trucks with a load capacity of 1,000 to 1,300 kg in the first stage and after completion of the construction of the enterprise an expansion of the production of passenger automobiles (in the category of up to 2,000 cc). The selection of a foreign partner will be completed by the end of September 1990. Recently a government plenipotentiary for the automobile industry and conversion in Slovakia was named. In the discussions they are looking for ways to include other Slovak enterprises as

well, especially those affected by conversion, in the production of the automobile industry. This involves the production of transmissions and other assemblies, but also accessories for the needs of the automobile industry.

[Betinska] What can you tell us about the decision on the consequences of converting the arms production?

[Belcak] This problem arose in the second half of 1988 in connection with the international military and political developments around the world. The problems attending conversion are generally well enough known. The consequences of not utilizing the capacity which has been built and the disruption of the developmental intentions have affected mostly Slovak enterprises. In discussions of the federal government there were measures approved which freed up the sum of Kcs1.2 billion for 1990, Kcs800 million of which was for enterprises in the Slovak Republic, from the federal budget. However, that amount cannot provide for a conceptual solution and the creation of conditions, especially from the standpoint of replacement production, retraining, the solution of social problems, etc. It is therefore essential that the problems in this area be resolved in at least the next two to three years with the participation of the state to moderate the economic and social impacts. Of course, we also assume close cooperation with the appropriate agencies of the Czech Republic and the federal government. We will also request a broader application of the possibilities for resolution resulting from the measures in effect and in planning of the Federal Ministry of Labor and Social Affairs in the social arena, such as early retirement and other social actions. The problem of the Slovak automobile industry, as well as the conversion of the arms production and the arms industry, is thus a very complex question with which we will have to concern ourselves very intensively and resolve in the near future. There is not sufficient room here for us to analyze the problems involved in more detail. I am therefore willing to devote an independent and, really, more detailed treatment of both these problems in the near future and perhaps even more specific information on the process which will take place in accordance with the decrees of the CSFR Government and the SR Government.

[Betinska] What can you say in conclusion?

[Belcak] After I was named for the SR Government minister's job I ran into various opinions, opinions which were an expression of hope, which showed a certain satisfaction that such a department was being created, but I also ran into certain fears. I am aware that this will not be an easy period of time, but together we must solve the problems which lie before us. Gradually accomplishing the goal of a transition to a full-blown, actual economic independence of the national republics requires us to solve a whole string of material problems, at the present time the concern of the federally managed branches which we have inherited from the last regime. We start with the fact that these are branches whose functions are irreplaceable for the entire economy of the Czech and Slovak Federal Republic. For this reason we

expect very close cooperation and coordination of activities with the Czech Republic Government and particularly with the enterprises which come under the jurisdiction of the SR Ministry of the Economy. It is very hard to promise, but I want to believe that together we will succeed in the upcoming period in working out and resolving the main problems which exist in these branches and in the entire SR economy so that I will be able after completing my tenure to appear before the parliament, and thus before the nation, with a list of specific tasks completed in accordance with the program decree of the Slovak Republic Government.

[Betinska] Thank you for the interview.

## Meeting in Trencianske Teplice; Comments

### Federal, Czech Stand Criticized

90CH0396A Prague LIDOVE NOVINY in Czech  
18 Aug 90 pp 1, 2

[Article by Jan Tauber: "Failure as Catharsis"]

[Text] I agree with the view that the outcomes and resolutions of the Trencianske Teplice summit represent another significant shift towards the division of the country, a step that brings us closer to the breakup of the common state of Czechs and Slovaks. I do not intend here to discuss what would remain of the federation after approval of the Trencianske Teplice proposals (I contend that practically nothing would be left), nor do I intend to discuss the shift of authority from federal to republic agencies. It is also not my intention to argue with the incomprehensible statement of Petr Kucera that the "task of federal agencies is to conceive policies, while the actual policy execution should be at the national level". It makes more sense to point out concisely how in my opinion the representatives of the Federal and Czech Governments conducted themselves, what actually happened as seen from the Czech side, from the perspective of an advocate of federation.

Why did these discussions of constitutional changes and modifications of the law granting decision making authority happen in the first place? Why did representatives of the Czech and Federal Governments feel compelled to appease the Slovak side and participate in discussions a mere month after approval of the government program declaration by the federal parliament, which contained an absolutely clear policy in this area? How is it possible at all that so short a time after adoption of the government program, which was approved by the delegate caucuses of all political parties and movements (with the exception of the Slovak National Party), Mr. Calfa, Mr. Rychetsky, Mr. Vales along with all other ministers of the Federal Government ceased to feel bound by it? Was the discussion of the government declaration in the Federal Assembly just a nonbinding debate? Is it at all acceptable that the government alter its policies in fundamental ways whenever

it wishes, without any change in platform, or consultations with the political parties and movements that the ministers in the government represent? Those currently in power clearly do not think it is important to inform the opposition of such things. Are we to think that the decision making authority law passed just a month ago is a mere scrap of paper that the government can arbitrarily change based on the pressures and moods of the moment?

The public statement of Premier Pithart and government Deputy Premier Rychetsky that the Slovak side was better prepared for the discussions and that the head of the Czech Government came mainly to listen could be taken with an ironic smile if the discussions had not concerned something so deathly important. The objection that the discussions were more along the lines of working group consultations does not hold up, because the meetings resulted in concrete resolutions, the appointment of expert commissions at the deputy minister level which, believe it or not, will be chaired only by members of national governments. Murderous deadlines were also set up for the work of these commissions, all aiming at a rapid transformation of federal agencies into coordinating divisions, with the executive power shifting to the republics. Soon we will be switching at Malacky to trains run by the Slovak State Railways, and our extensive power generation network will be divided into two smaller entities. We will even have two national post offices, three ministries of foreign affairs, and will have to pay transit fees for our oil as it crosses Slovakia...

Are our constitutional representatives aware at all of the consequences of their actions? After all, it isn't that intellectually challenging to imagine that the dispute over a hyphen was only a peaceful discussion compared with what will probably break out inside and outside of parliament during the discussions of the resolutions and proposals of Trencianske Teplice. Or do the Federal Government ministers think that the delegates will gladly agree to surrender their authority and will be grateful to them for cooking up, without consultation, the funeral of the federation behind closed doors? And what if, and I still want to believe this as a representative of a common country of Czechs and Slovaks, the parliament completely defeats their proposals to castrate the government? Who then will bear responsibility for causing a profound constitutional crisis at the least propitious time? Will there be enough time to discuss the essential legislative measures related to economic reform? And all this will play itself out against a background of serious social consequences resulting from inevitable price fluctuations and the first indications of unemployment. This will result in an extremely explosive situation which even now requires that we take necessary measures. All indications so far are, unfortunately, that most constitutional representatives and people heading up parliament caucuses and the political structure of Civic Forum are not prepared to acknowledge the explosiveness of the situation and to draw the necessary conclusions for the ways policy is made, how

political decisions are arrived at, and how the essential mechanisms and structures are put in place to implement those decisions. This would require, after all, a fundamental rethinking of the ideological premises and viewpoints that accompanied the scarcely historically repeatable events that gave birth to this movement and which persist in the ruling circles of the Civic Forum because of their lust for power and mental rigidity.

The crisis so robustly called attention to by the attitudes of Civic Forum representatives in the Czech and Federal Governments to the Trencianske Teplice discussions could at least have a positive side to it. It could for example push Civic Forum closer to something resembling a nonideological, liberal, democratic and social party. The Saturday caucus could also mean that the seriousness of the situation is at least being reflected within the structure of Civic Forum.

#### Czech Representatives on Defensive

90CH0396B Prague FORUM in Czech 21 Aug 90 p 2

[Article: "What the Civic Forum Collegium Discussed: The Struggle To Keep the Federation Is Exhausting..."]

[Text]...so exhausting that there is no strength left to assure its functioning. Everyone present at the Civic Forum [OF] discussions on 13 August 1990 in Prague agreed on this. Those present included the council of ministers of the Czech and Federal Governments led by the deputy premier of the Federal Government, Vaclav Vales and the premier of the Czech Government, Petr Pithart. The theme was obvious, the results of the summit in Trencianske Teplice. The discussions were accompanied by the thought that was expressed at their very conclusion: What price do we have to pay for a victory?

It turned out that the Slovaks came to Teplice perfectly prepared, with a clearly formulated program. The Czech side was presented with a fait accompli and the demand to resolve matters basically immediately. The decision to set up commissions of experts to discuss possibilities and ways to convert sectors to national control was criticized by some participants as unconstitutional. Such important questions should be discussed by the parliament not commissions of experts. The economics ministers of the Federal Government pointed out the fact that mainly for the sake of foreign relations attempts to weaken the federation should be slowed down. For example the US State Department has complained to the Federal Government that certain Czech politicians are not keeping it informed of their negotiations in the USA. The most recent instance involved Petr Pithart. The Americans have no interest in negotiating with separate national governments.

Unfortunately, it became clear that the positions of the Federal and Czech Governments are far from identical. The Federal Government knew nothing of prior separate discussions between the Czech and Slovak Governments, which in its view are completely ignoring the

federation. The problem, however, remains that the Slovaks identify to a far greater extent with their national government because the Slovak part of the Federal Government does not contain people who would in some way embody the federation. Nor is Marian Calfa such a person. Ideally one would search for a model of federation who would facilitate its optimal functioning. This however is impossible because the will to retain it is not the same in both national delegations. The search is instead for someone who embodies the federal idea as little as possible.

In this regard Switzerland was cited as a model, because it is a confederation, where nevertheless transportation is centralized. The Federal Assembly delegates present pointed out that Czech delegates would not approve the division of transportation in the parliament. What would happen then is anybody's guess.

How to solve all these problems? The Collegium stated that regular meetings of all three premiers are essential. The problem is, however, that our Slovak partners violate agreements very frequently. One such instance involved the ministries of the Interior. All three ministers and their deputies agreed on a system for joining their operations, but it turned out later that the Slovaks plan to ignore the agreement and build their own system. The sectors controlled by the Ministry of Transportation also spent a lot of effort to work out a common approach, work that also looks like it was in vain.

The Trencianske Teplice discussions brought one positive development, namely Slovak pressure for the immediate beginning of economic reform. In all other matters the summit results were not the least hopeful. Our politicians are facing some very serious and responsible decisions. The question of a referendum was raised again. This is very risky but would clearly show the actual balance of power. The Slovak side, after all, is arguing from a position of a much smaller population.

#### Apology for Czechoslovakism

90CH0396C Prague SVOBODNE SLOVO in Czech  
18 Aug 90 p 1

[Article by Stanislav Krecek: "To Be a Czechoslovak"]

[Text] Day by day, drop by drop, as if taking account of our spiritual health, we found out over the last week what had transpired at the discussions held by the three governments in Trencianske Teplice, and about the positions of the various parties to the discussions. We know who said what, who demanded what of whom, and who disagreed with whom. And unfortunately we also know that there is nothing to look forward to.

It seems to me that even when considering government authority we continually ask who, not how. I don't know at this moment, for instance, the nationality of the Minister of Communications, but I doubt that it would somehow be connected to the fact that my telephone rarely functions and that I can only dream of a cordless

telephone. I can understand that no Frenchman would be happy if decisions about his communications were made by some bureaucrat in Bonn, but I can also understand that given their scarcely imaginable sophistication it makes no difference which firm provides the services.

I contend that even our recent history is a part of the European memory, and I am therefore allergic to ideas of some kind of "return to Europe". But I am becoming gradually more afraid that our awakened nationalism, the roots of which in the best case reach far into the past, will make it impossible for us to fulfill the life or death task of our European participation, namely the task of building a free republic of responsible citizens.

I hear of efforts to tear Slovakia away from the common republic, for the reason that someone has the right to do so. But the rights of a free citizen include the right to choose, to choose between his rights and his responsibilities. I read about political ambitions derived from the famous history of the Moravian margravate. I would not want to forget that Bavaria and Saxony have been since the dawn of history independent states, kingdoms and republics, and that this history did not unduly complicate the unification of Germany. Long live national consciousness but let it live to the advantage of a strong state and never against it.

I am a proud patriot of this country, and am proud of my membership in the Czech people not because I was born a Czech—birth can only with difficulty be a matter of pride—but because we have never occupied a foreign country, we have never enslaved another people, and because we have no plans to do so in the future. In the past and now we have always supported freedom loving movements all over the world and our wish for freedom and human dignity will in the future certainly take us to a different kind of coexistence with members of other nations and races. Because it seems to us more often than is healthy that the current problems of Czechoslovakia are problems of the relations between Czechs and Slovaks. This is not the case. Our problems are at least Central European, but possibly also problems of all of Europe or the entire world. We see the Muslim quarter of Paris, the Turkish section of Frankfurt an Main, and the Czech colony in Chicago but probably few of us is able to imagine a Kurdish village in Bohemia, a Romanian family as neighbors, or Albanian drivers of Prague buses. But if this happens I will not be less of a Czech for it, my love of the homeland will not lessen. On the contrary it will grow with pride not only in history, but also because of the contemporary contribution of my country to the path along which Europe is going. Whether we like it or not.

Let us begin then to behave finally like that better fragment of the world. Let everyone be a Czechoslovak who favors the flowering and welfare of the state and let his nationality and language enrich his personality, but not determine his civic or political positions. Swiss cantons have different languages and differences in

many other things, but no one doubts that it is good to be a Swiss. The states of the American union differ in almost every aspect, from traffic laws to the death penalty, but no one doubts that it is good to be an American. Let us learn as well that it is good to be a Czechoslovak, and if someone beyond the borders of Bohemia does not understand—we existed before the federation and will continue to exist after it.

**Christian Democrat Statement Questioned**

90CH0396D Prague OBCANSKY DENIK in Czech  
18 Aug 90 p 1

[Article: "How Many Explanations?"]

[Text] The news that the Christian Democratic Movement [KDH] was among the nine Slovak parties in Bratislava that demanded an independent state has clearly surprised many politicians. The news was denied immediately the next day, but in so many ways that almost anyone can interpret the denials as they wish.

Representatives of the Civic Forum Coordination Center received from its Slovak coalition partner, the KDH, information that KDH members who were at the Bratislava discussions were advocating their own initiatives, and were not there with any authorization.

Senior KDH representatives stated again on Tuesday evening that the representatives of their party who were invited to the Bratislava discussions were there as observers and that the KDH wished to distance itself from the public declaration.

On Wednesday, in a short television appearance another KDH representative announced that the invitation to the Bratislava discussions had not made it clear what they were for. When the KDH representative found out what the subject was, he stood up and left the meeting of nine political parties.

The Central Secretary of the Slovak National Party, Vladimir Podlessky, which initiated the Bratislava discussions, told the Czechoslovak Press Office that the KDH representative had not indicated that he was at the meetings as an observer, and that he approved the joint declaration.

Aren't there a few too many of these explanations?

**Separatism Linked With Excesses of the Past**  
90CH0396E Prague LIDOVA DEMOKRACIE in Czech  
20 Aug 90 p 2

[Article: "Who Does Stupidity Benefit?"]

[Text] New York—The biweekly NOVINY of Czechs and Slovaks in the United States and Canada published an article by an American of Slovak origin who, after visiting his former country, wrote: To better understand the current nationalist passions in the streets of Slovakia we must mercilessly return to the history of Slovak

fascism. Without returning to the cause of the illness a people cannot treat itself for the infection. If we do not concern ourselves immediately and directly with this, later it will be almost impossible to stop the boulder of stupidity and blindness. Without humanism and love Slovakia cannot become a part of Europe. Hateful nonsense about Czech hegemony, Hungarian arrogance, gypsy crimes and Jewish conspiracies that are coming today from Slovak cities and towns and which are making the rounds even among intelligent people, can lead only to national suicide, not national salvation. To whose advantage is stupidity, even if formulated attractively? Only adventurers for whom human life has always been a means to obtain power and exercise tyranny.

**HUNGARY**

**First Six Months' Monetary Situation Analyzed**

90CH0458B Budapest FIGYELO in Hungarian  
30 Aug 90 p 13

[Hungarian National Bank report: "Monetary Processes During the First Two Quarters"]

[Text] The convertible foreign exchange situation continued to improve in July; the June surplus of the current balance of payments increased the surplus accumulated until the end of May. A relative deterioration took place in regard to ruble-based settlement, because an export surplus evolved in July.

As compared to the same period last year, export trade subject to settlement in convertible currencies (at border parity) increased by 17.3 percent, amounting to a total of \$2.971 billion. Under liberalized import conditions the amount of imports increased only by 1.3 percent, to a total of \$2.418 billion. Accordingly, during the first two quarters a \$553 million mercantile trade surplus evolved.

During the first six months the current convertible currency balance of payments produced a \$185 million surplus. (The latter is smaller than the joint surplus produced by commerce, foreign tourism and other payments outside of mercantile trade, primarily because of high interest payments.) Net indebtedness in convertible currencies declined by \$126 million during the first half of the year and amounted to \$14.990 billion as of 30 June. (Table 1.)

The decline in the value of net indebtedness expressed in dollars is smaller than the current balance of payments surplus because the dollar weakened during the first half of the year vis-a-vis the German mark and the Swiss frank, and this increased the dollar value of indebtedness payable in these currencies.

As compared to the end of May, the situation deteriorated in June with respect to transactions subject to settlement in rubles: the mercantile trade deficit

amounting to 284 million rubles incurred up to the end of May was followed by a 226 million rubles worth of export surplus. As a result of this, taking the first two quarters as a whole, the import surplus declined to 58 million rubles, which is the balance of 2.613 billion rubles in export value (29.1 percent smaller than in the previous year), and of 2.672 billion rubles in import values (19.7 percent smaller than during the first two quarters of 1989).

Due to the aforesaid, the current balance of payments deficit which increased during the first five months of the year to 401 million rubles declined to 293 million rubles in the first half of the year taken as a whole. (The latter is larger than the 58-million ruble amount of the mercantile import surplus because of the difference in merchandise and money movements which produced a deficit.) During the first half of the year, net accounts receivable were reduced by the 293 million rubles amount of the current balance of payments deficit and amounted to 1.358 billion rubles as of 30 June. (Table 2.)

At the end of June the total amount of domestic borrowing from the Hungarian National Bank [MNB] amounted to 1,018.1 billion forints, 25.9 billion forints, or 2.6 percent more than at the start of the year. This amount does not include the 519.2 billion forints debited to the state budget as a result of forint devaluation, which exceeded the 1 January amount by 58.5 billion forints. Thirty-four percent of this increment (8.8 billion forints) served to finance the state household, and 66 percent (or 17.1 billion forints) financed banks.

As a result of this as of the end of June, 73.5 percent of the MNB's domestic lending financed the state household (the budgetary deficit and large state investments through the State Development Institute) and 26.5 percent served to refinance banks. As a result of the fact that the state household received a smaller proportion of the central bank's credit increment than the banks, this ratio is somewhat more favorable than the same ratio at the beginning of the year (74.6 to 25.4 percent), nevertheless it continues the trend in which the state budget relies greatly on central bank resources, drawing away funds that could finance the business sphere. (Table 3.)

Money loaned to banks by the MNB amounted to 269.3 billion forints as of 30 June. (Of this amount refinancing loans granted to banks amounted to 256.9 billion forints, the value of rediscounted notes was 12.4 billion forints.) These kinds of loans granted by the central bank increased during the first six months of the year by 17.1 billion forints (or 6.8 percent). Prefinancing loans for exports payable in convertible currencies introduced during the last quarter of 1989 played a significant role in this increase. Lively interest in such loans continues. Since last October the MNB authorized loans of this

nature amounting to 28.7 billion forints. Of this amount 17.5 billion forints were authorized during the first two quarters of this year.

The maximum limit authorized by the monetary plan for the combined amounts of short terms refinancing loans to be granted by the MNB to banks and for rediscounted notes through the end of the first half of the year was 120.4 billion forints. On 30 June the actual amount of short term loans granted amounted to 108.1 billion forints. These loans remained within the planned limit.

Bank loans to enterprises increased by 44.8 billion forints during the first half of the year. An overwhelming part of this increment (41.4 billion forints) represented loans to be used as operating funds. Once again this was made necessary by the effects of price increases, the accumulation of inventories related to price increases, and by advances on the accounts receivable of firms.

As of 30 June enterprise indebtedness to all banks (commercial banks and other financial institutions, as well as to the MNB by way of rediscounted notes) amounted to 488.3 billion forints. Of this amount investment financing amounted to 139.1 billion forints, while operating fund loans were granted in the amount of 349.2 billion forints. The combined total amount is 25.9 billion forints (or 5.6 percent) higher than on 1 January, and 55 billion forints (or 12.7 percent higher) than a year ago.

Based on information provided by banks in June MNB records showed 240 enterprises which were insolvent in the long term and owed large amounts of money. This number represents an increase of 69 enterprises over the number of such enterprises recorded in January, and 43 more than the number of such enterprises recorded in May. The MNB refuses to rediscount notes by which these enterprises assume direct obligations.

The nominal value of the volume of money in the broader sense of the term—including quasi funds (long-term deposits)—increased by 42.1 billion forints (or six percent) during the first half of 1990, and amounted to 742 billion forints at the end of the month. If the 120.9 percent consumer price index (as compared to the December 1989 consumer price index) that presented itself in June 1990 is applied as a deflator to the six percent nominal index of the volume of money, the real worth of the volume of money decreased by 12.3 percent. This is consistent with the intent of the prevailing tight money policy.

During the first half of this year 780.5 billion forints flowed out from the MNB coffers, while 773.5 billion forints in cash was returned. Considering the difference between these two figures, the nominal value of the volume of money increased by 7 billion forints (or 3.5 percent) during the six-month-period. As of 30 June, 206.9 billion forints worth of currency was in circulation.

**Table 1.**  
**Indebtedness in Convertible Currencies**  
**(in millions of dollars)**

	31 December 1989	20 June 1990	Change
Gross indebtedness	20,605	20,004	- 601
Gross accounts receivable	5,489	5,014	- 475
Net indebtedness	15,116	14,990	- 126

**Table 2.**  
**Accounts Receivable in Rubles**  
**(in millions of rubles)**

	31 December 1989	20 June 1990	Change
Gross indebtedness	722	666	- 56
Gross accounts receivable	2,372	2,024	- 349
Net indebtedness	1,650	1,358	- 293

**Table 3.**  
**Domestic Borrowing From the MNB**

Borrowed by	Amount as of 30 June 1990	Change between 1 January and 30 June	Index (1 January = 100.0)	Distribution	
	billions of forints			Volume in %	Change in %
—the state budget *	748.8	+ 8.8	101.2	73.5	34.0
—banks	269.3	+ 17.1	106.8	26.5	66.0
Total	1018.1	+ 25.9	102.6	100.0	100.0

\* Not including amounts representing forint devaluation charged against the budget. (The amount of these was 519.2 billion forints as of 30 June 1990.)

**Table 4.**  
**MNB Domestic Lending**

	Volume as of 30 June 1990	Change between 1 January and 30 June	Nominal index	Real index*
	billions of forints		Compared to 1 Jan in %	
Cash outside the banking system	188.5	+ 8.0	104.4	86.4
Deposits by enterprises	185.8	+ 24.8	115.4	95.5

**Table 4.**  
**MNB Domestic Lending (Continued)**

	Volume as of 30 June 1990	Change between 1 January and 30 June	Nominal index	Real index*
	billions of forints			Compared to 1 Jan in %
Deposits by individuals	286.1	+ 5.2	101.9	84.2
Deposits by small entrepreneurs	29.3	+ 5.4	122.6	101.4
Other deposits	52.3	- 1.3	97.6	80.7
Total Volume of Money	742.0	+ 42.1	106.0	87.7

\* Deflator: 120.9 percent consumer price index (June 1990/December 1989)

## POLAND

### Prospects for Japanese Business Efforts Viewed

90EP08504 Warsaw ZYCIE GOSPODARCZE  
in Polish No 30, 29 Jul 90 p 11

[Article by Jerzy Dzieciolowski: "The Japanese in Poland"]

[Text] Of the nine large "Business Enterprises" of Japan such as Mitsubishi Corporation, Mitsui Company Limited, Marubeni Corporation, or Nissho-Iwai Corporation, eight have representatives in Poland. This does not mean, however, that Polish-Japanese economic cooperation is blossoming, as might be suggested by the fact that these powerful economic organizations have their representatives in Poland. The situation is quite the contrary: the value of mutual trade turnover during the past year was at a level of \$350 million, which places Japan as 13th on the list of Poland's free-currency partners. Poland exported sulfur, feathers, alcohol, potato flour, squid and caviar, and we also built (Dromex Company) a road in Iraq cooperatively with Marubeni. Dominant among imports are television sets, video recorders, and cars. There is not a single Polish-Japanese joint venture. Negotiations between Daihatsu and the automobile factory in the Zeran district in Warsaw, going on intermittently for several years, ended several weeks ago with Daihatsu's giving up on cooperating with the automobile factory.

Kisaburu Ikeura, president of the Industrial Bank of Japan, who led the Japanese economic mission in Poland was asked when normal cooperation will begin between Poland and Japan, i.e., cooperation that would satisfy Poland's attempts to recover from economic collapse, and would, on the other hand, match the ability of Japanese industry. [He] answered in very general terms (I quote from ZYCIE WARSZAWY): "The conditions in which Poland finds itself have changed diametrically. Up to this time, conditions were determined mainly by

belonging to CEMA and the Warsaw Pact. Now your country is in a transitional period from Communist Party domination to a democratic system. Also, a parallel process is occurring in the economic sphere: principles of a market economy are being introduced. In conjunction with the appearance of these changes in Poland, the Japanese side has offered help. And for this reason we would like to learn more fully and more concretely in which areas we might develop our economic cooperation."

As far as size of sales in Poland is concerned, Mitsubishi is the leader. Nissho-Iwai is in second place owing largely to the sale of Toyota cars. Next comes Marubeni. I have been asking Jacek Husejnow, who had worked in the Warsaw office of the company (Marubeni Corporation, Warsaw Branch Office) for more than 10 years for a description of this establishment.

#### A Typical Example

Jacek Husejnow says: "The office in Warsaw is divided into sections, chemical, textile, steel and nonferrous metals, household electronic appliances, and a machinery section. During the last two years, we had sales at the level of \$45 million. In the best period for the office, at the end of the 1970's, sales did not exceed \$70 million annually. In the worst period, between 1982 and 1983, they dropped to \$7-\$8 million annually. Our office does not have the right to sign contracts or set prices independently. We prepare agreements for decisions to be made by Marubeni offices in Dusseldorf, London, or New York. Import of Japanese products to Poland constitutes 60 to 70 percent of the trade of our office. Until recently, we could not enter into agreements directly with the manufacturers. We had to go through the agency of the Polish office for foreign trade. This changed this year and, due to this, the manufacturers no longer have to pay a Polish agent commissions which were as high as 10 percent of the value of the contract. Obviously, this makes it possible to get better prices for purchase or sale of a given product. In my capacity as being responsible for the steel and nonferrous metal section, I can see the great ease with which Polish manufacturers adapt to the new conditions and direct negotiations with our office. We receive pay for our Warsaw work directly from the Tokyo office. All expenses of the operation are covered by the Head Office in Dusseldorf or London. Therefore, we do not have financial independence. Our superiors believe it is too early to open a financially independent Marubeni office in Warsaw."

I will add to this that especially intensive work has been going on in the Marubeni office in Warsaw for several months now. Not a week passes, but a delegation from the Tokyo office appears on the 26th floor of the Intaco Building at Stawka Street No. 2, the Warsaw office of the company. All possibilities are studied. Much attention is given particularly to the possibility of investing in ecological conservation.

All the principal Japanese companies that have branch offices in Poland operate on the same principles as Marubeni.

#### A List of Projects

During the visit of Prime Minister Kaifu to Poland, in the spring of this year, one of the main purposes of which was to initiate economic cooperation between Poland and Japan, the Polish side presented a list of investment ventures that it intends to undertake as soon as possible. The fault of this packet of proposals was their general character which caused the conferences that followed to end in many cases with a declaration of intention. As distinct, however, from the activity of the Marubeni Branch Office described above, these are large-scale investments in which hundreds of millions of dollars and government guarantees are involved.

The most advanced seem to be negotiations on the modernization of the refinery in Plock. This is the largest petroleum processing and plastics plant in Poland; it was built in the 1970's by Japanese companies, and the entire operation was carried out in an exemplary way. Mr. Miklaszewski, representative of the Ministry of Trade, a man experienced in negotiation, says: "We expect that this project of cooperation with Japan will be realized, that the Japanese side will bring about the creation of a consortium for financing this project. In Plock, we have personnel trained in Japanese installations. They could make a rapid transition to new installations. For this reason, we proposed that this enterprise be awarded to Japanese companies. But they have strong competition from Italian and American companies. The value of the project is in the order of a half billion dollars."

A large project is the modernization of the Lenin Steelworks near Krakow (at present it is called the Sedzimir Steelworks after an engineer who was the cofounder of Polish steel manufacturing). The Sedzimir Steelworks requires modernization of the conversion mill and the hot rolling mill. This a project that will cost \$300 million.

Other enterprises are the building of an installation for fume desulfurization in the Opole power plant. At present, the Japanese technology for fume desulfurization is the most effective in the world. Polish needs in this sphere are enormous. It is enough to say that no Polish power plant has a fume desulfurization installation at present, and almost all energy production is based on coal conversion, including to a large extent, sulfur coal. Therefore, the prospects for cooperation here are very great.

Discussions on forming the first Polish-Japanese joint venture for the purpose of producing flat glass in the Sandomierz glass factory are at an advanced stage. The Asahi Glass Company is interested in this project; its value is estimated at \$60 million.

Discussions with respect to other enterprises, for example, rebuilding of the ABS [expansion unknown]

complex in the refinery in Oswiecim, modernization of the rolling bearing plant in Krasnik or the pharmaceutical plants in Kutno have not advanced beyond the introductory phase.

#### Impediments

Japanese businessmen who visit Poland express the opinion that it is still a country of great risk for investment. Akio Morita, owner of the Sony Corporation, in a meeting with Solidarity Leader Lech Walesa, expressed in an extreme manner, which nevertheless characterizes them, the fears that representatives of Japanese business feel. Urged by Walesa to build a factory in Poland, he responded: "I will do that only when I am convinced that it is the best place in the world for a branch office of our company to be established."

What, specifically, are the objections cited?

First of all, government guarantees are expected for projects undertaken. There is no certainty that even the biggest enterprises will be able to manage the financial burdens after a given project is started. (It might be well to note here that according to the agreement entered into between Poland and IMF, for the purpose of realizing a plan for stabilization, the number of government guarantees was limited.) A serious impediment in negotiations is the unresolved matter of the payment of the Polish foreign debt. The discussions pertaining to this matter being conducted in the so-called Paris Club and the London Club, which are buying out creditors with government and private guarantees, have not been finalized yet. The reservations of the businessmen from Japan remind us of the rules for transfer of profits. These seem to be somewhat too restrictive (shortly, according to assurances of Premier Balcerowicz, they are going to be eased further). The continuing high inflation, in the order of five percent per month, engenders concern. It also points to basic deficiencies in the infrastructure and, most of all, the lack of a possibility of making rapid contact with the world.

Generally, however, these impediments are not recognized as being insurmountable. The waiting posture is assumed not only because of a desire to be certain about the political stabilization in Poland and a firming of the pro-market direction of economic reforms, but also because of observing what the Germans, Americans, and French are doing. If they become involved in Poland, certainly Japanese capital will also soon be found here.

#### Association of Polish Merchants States Goals, Needs

90EP0856B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 10 Aug 90 p I

[Article by Adam Turula: "Association of Polish Merchants"]

[Text] When the Voivodship Court in Katowice registered the Association of Polish Merchants late last April,

it had only 35 enthusiastic founding members. Today, after three months of activity, as many as roughly 400 merchants already belong to this association.

The roots of the Association of Polish Merchants date back to 1913 when it had first been formed, said Marian Rojek, its chairman. "In 1939 we had 120 members. At that time Federations of Merchants Associations were active at the voivodship level and the Central Council of the Association of Polish Merchants operated at the national level. After the war, the SKP [Association of Polish Merchants] actively participated in rebuilding the trade devastated by the occupation, but in the early 1950's it became yet another victim of the notorious "battle for trade." The principal purpose of the Association was active participation in shaping the urban market and formulating tax laws. The SKP also contributed to the activation of two commercial gymnasiums. We desire to continue these traditions."

The principal statutory purposes of the Association include protecting the rights of the merchants belonging to it; strengthening local community bonds and stances consonant with the principles of professional ethics; initiating and supporting projects to promote commerce; and founding credit unions.

Merchants in Sosnowiec are trying to influence substantially retail trade in their city: the newly elected mayor of Sosnowiec has invited the SKP chairman to be a member of the taskforce for planning local retail trade and services. In addition, with the aim of independently assuaging the conflicts arising between retailers and customers, an arbitration commission has been appointed in order to settle disputes and thus to avert the particularly onerous and extremely costly—to businessmen—audits by the State Trade Inspectorate. In view of the recent revocation of the so-called Anti-Speculation Decree by the Sejm, the SKP is questioning the need for the existence of the State Trade Inspectorate, an institution whose principal purpose for years has been to hobble the growth of private commerce.

Quotidian experience shows that the formation of the SKP was justified. This is demonstrated not only by the growth of its membership but also by the daily queues in front of the temporary office of the Association on 3 May Street in Sosnowiec.

Chairman Rojek declared, "Especially in view of the privatization of retail trade, it is important to provide correct information and assistance to all those who are switching from socialized trade to work in genuine trade by founding their own businesses at their own risk, that is, by taking the 'sink or swim' approach."

The association in Sosnowiec, being the first of voluntary organizations of its kind in Poland, has a scope of activities that is confined by its statute to the boundaries of the city of Sosnowiec. But there is no reason why similar organizations should not be formed in other cities.

**Bank To Give Credit to Unemployed; Enterprises Showing 'Initiative'**

90EP0856A Warsaw *GAZETA WYBORCZA* in Polish  
9 Aug 90 p 3

[Article by (rs): "BISE," or a Way of Combating Unemployment"]

[Text] Minister Kuron has established a bank which grants loans to resourceful unemployed persons and entrepreneurs who create new jobs. The bank receives assistance from the French, who are experienced in this field.

The Bank for Socioeconomic Initiatives, Incorporated (BISE, S.A.) was established on 20 July. Its biggest shareholder is the Labor Fund (80-percent share). Another shareholder is the French bank Caisse Centrale de Credit Cooperatif, which is chiefly contributing its 50 years of experience in this field.

The bank will grant loans for start-ups of small businesses and the expansion of small manufacturing, retail, and service enterprises, provided that this will result in creating new jobs.

The loans will be of the three kinds: subsidized (if donors are found); preferential (that is, low interest); and commercial medium- and long-term (up to 12 years). Initially they will be no higher than half a billion zlotys and not longer than two to four years. The interest rate charged on commercial loans is to be low (at present 35 percent annually compared with the regular 48-percent interest rate on such loans), and it is to be a variable interest rate, depending on the inflation.

By 8 August (the bank has been operating since 1 August) a dozen or so loan applications have been submitted (ranging from 5 to 800 million zlotys). The loans are requested for, among other things, opening pharmacies, electrical machinery plants, and pizzerias. The bank is carrying out a financial analysis of these projects. The first loans will be granted next week.

BISE, S.A., will also lease to its customers previously purchased machinery, office and factory space, and land, and provide bank guarantees.

The bank's address is in Warsaw (ul. Jasna 22, telephone 27-83-56), but it expects customers from all over Poland.

**Role, Prospects of Family Farming Plots Profiled**

90EP0848A Warsaw *GAZETA BANKOWA* in Polish  
No 34, 19-25 Aug 90 p 3

[Article by Wojciech Zietara: "Agricultural Balance Sheet of Openness"]

[Text] Family farms play a major role in our agriculture. They determine the level of farm production and the amount of food society has.

Table I shows the number of hectares of farmland (UR) and the land use distribution by sector. It is worth noting that land is continually being lost to nonagricultural uses. A total of 1.66 million hectares of farmland was lost between 1960 and 1988. Despite this decline, our country has 0.5 hectares farmland per capita. This figure might be considered high enough, when compared to the countries of Western Europe. For example, there is only 0.2 hectares of farmland per capita in the FRG. During the past decade family farms have accounted for 76 percent of farmland.

Table I. Hectares of Farmland and Distribution of Use by Sector in 1960-1988

Description	1960	1970	1980	1985	1988
Hectares of Farmland (1,000's)					
Total	20,403	19,543	18,947	18,884	18,742
Family Farms	17,727	16,304	14,119	14,425	14,295
Socialized Farms	2,676	3,339	4,828	4,419	4,447
State Farms	2,425	2,895	3,698	3,531	3,521
Hectares of Farmland Per Capita	0.69	0.60	0.53	0.505	0.495
Percentage					
Total	100.0	100.0	100.0	100.0	100.0
Family Farms	86.9	83.4	74.5	76.5	76.3
Socialized Farms	13.1	16.6	25.5	23.5	23.7
State Farms	11.1	14.8	19.5	18.7	18.8

Farm size, soil quality, labor resources, and the means of production determine the farms' production capacity. The data in Table II show that mean farm size has not changed much during the past two decades, the average being about 0.5 hectares of farmland. This is small, especially compared to the high level of labor resources on these farms (see Table III). In recent years there has

been 3.7 hectares of farmland per employee. The increase in the share of farms with 15 hectares or more is a positive sign. We must therefore say that family farms in our country are small and that the chances of enlarging them are not great. There is a large labor supply, however. This situation determines the economic situation of family farms in Poland.

On the basis of the data available, it is difficult to make an exact estimate of the value of capital on family farms. We can only use certain indices. In 1988, there were 6.5 tractors per 100 hectares of farmland on family farms. This means that there is one tractor to work 15.4 hectares. Estimating total tractive force resources, we can say that in 1988 there were 52.3 units per 100 hectares arable land. This index is very high. Indirectly, the extent of commitment of liquid assets on these farms can be deduced on the basis of selected expenditure components, such as artificial fertilizers and chemical plant protection agents. In 1988, about 150 kilograms NPK [nitrogen, phosphorus, potassium] ivate farms. This index is low compared to the state sector, where about 270 kilograms NPK per hectare of farmland was used during a similar period. The consumption of chemical plant

protection agents on these farms was very low, amounting to 1.25 kilograms of pure substance per hectare of farmland in 1988. Livestock holdings on family farms have been at an intermediate level during the past few years. In 1988, it amounted to 70 SD [expansion unknown] farmland. This is 15 percent lower than in 1980. On the basis of these figures we can assume that family farms have a rather low level of capital. They have somewhat greater fixed assets and somewhat lesser assets in terms of means of production in circulation. This fact is confirmed by the low intensity of production and the resultant low level of production defined in terms of crop yields. Grain yields on these farms in 1988 amounted to 28 dt per hectare and were typical of the past few years. They were also lower than on state farms, which had 34 dt per hectare.

Table II. Size Structure of Family Farms in 1970-1987

Year	Farms by size class (in hectares)					Number of farms (in 1,000's of hectares)	Mean farm size in hectares
	0.5-5	5-10	10-15	15 +	Total		
1970	58.5	28.5	9.8	2.8	100.0	3,225	4.91
1980	59.5	25.8	9.7	5.0	100.0	2,844	4.81
1986	57.6	25.1	10.6	6.7	100.0	2,756	5.22
1987	57.2	25.2	10.7	6.9	100.0	2,729	5.19

Table III. Labor Resources on Family Farms 1978-1988

Description	Year			
	1978-1980	1983	1985	1987
Number employed per 100 hectares farmland	27.8	28.6	27.4	26.8
Hectares of farmland per employee	3.6	3.5	3.6	3.7

Potato and sugar beet yields averaged 180 and 350 dt per hectare, 14 percent higher than on state farms. The milk productivity of cows on family farms this year was 3,000 liters per year. When we make a synthetic analysis of the productivity of private sector land in terms of the value of net end production per hectare of farmland, we find that it was 20 percent higher in 1985-188 than on state farms (Table IV).

## Economic Situation of Family Farms From 1988 to 1990

During the past few years, the economic situation of family farms has fluctuated a great deal. In 1988, there was an income disparity on these farms compared to the incomes of those employed outside agriculture, in the socialized economy. According to estimates, it was 93 percent. During the first half of 1989 there was a decisive increase in income as a result of the introduction of free market prices on farm products. The corresponding index was 120 percent. During the fourth quarter, however, income declined, and the corresponding index was 70 percent. These great income fluctuations had a very adverse impact on the economic situation of farmers and on their frame of mind.

The new legal regulations introduced as of 1 January 1990 created a qualitatively new situation. In agriculture, there was a reduction in subsidies, both on the means of production for agriculture and for food production. There were also restrictions on preferential credit. The implementation of these provisions created a price increase that was both irregular and unequal. Compared to January 1989, the prices of the means of production for agriculture in January 1990 were estimated to be 12 times higher, while the income of farmers during that period increased only eight times. During this period, the prices on plant protection chemicals increased by as much as 10- to 60-fold. There was also a

Table IV. Land Productivity 1980-1988

Description	1980	1985	1988
	Percent net final production per hectare		
Family Farms	100.0	100.0	100.0
State Farms	69.0	82.6	78.6
RSP [expansion unknown]	62.0	71.6	67.2

substantial increase in the prices of the means of production for milk and livestock, as well as increases in fixed costs, such as taxes and insurance, especially the interest on credit. The actions which the government undertook limited inflation, but they also exacerbated the economic situation of farmers. Despite the fact that wholesale prices on farm products increased to a far lesser extent than the prices on nonagricultural products did, there were also problems with selling them. A demand barrier for these products appeared.

Model research conducted at the beginning of this year at the SGGW [Main School of Rural Economy] Institute of Farm Economics and Management showed that the economic situation of farmers in 1990 had become much worse than in 1988. The results of this research are presented in Table V. The conclusion is that only farmers running well-managed farms with good soil have the chance to obtain incomes approximating those of people employed in industry. Farmers with farms that have poor soil are in a decidedly worse situation. It is only the farmers with farms of 15 hectares of farmland or more that have the opportunity to attain farm income on a level with the income of people employed in industry.

**Table V. Agricultural Income and Ratio to Wages of Persons Employed in Industry According to Farm Size and Soil Quantity (Prices at the Beginning of 1990)**

Description	Farm Size in Hectares of Farmland			
	4	8	15	20
Better soil				
Farm income (1,000's of zlotys)	13,046	26,934	49,429	65,306
Ratio of farm income to industrial wages in percent	129	178	256	311
Poorer soil				
Farm income (1,000's of zlotys)	5,568	13,179	23,637	30,918
Ratio of farm income to industrial wages in percent	55	87	122	147

This situation occurs on farms which have sufficient cash resources of their own and are not forced to use ongoing credit. Even farmers with farms of over 15 hectares with good soil can run into serious financial problems, if they avail themselves of credit. On the other hand, it was possible in 1988 for farmers with farms of under four hectares with poor soil to achieve parity. The shortage of funds on farms at the beginning of the year led to restricted purchasing of the means of agricultural production.

As of the end of February 1990, farmers bought 26 percent of the barley seed and 34 percent of the oats they

did in the same period in 1989. The figure for purchases of industrially produced feed was 33 percent. These limited outlays will make the farmers' income situation still worse. An analysis of the current level of wholesale prices on farm products (June 1990) indicates the possibility that the economic situation of farmers will be still worse than that forecast. The prices adopted at the beginning of this year for calculating the models were higher than current prices. For example, 800,000 zlotys per ton was the wholesale price adopted for winter wheat. The current price is 700,000 zlotys in many parts of the country. The price of milk was estimated at 600 zlotys per liter, but the lowest prices now are falling even below 400 zlotys per liter.

#### The Developmental Possibilities of Family Farms

The characteristic features of the production potential of family farms presented in the first part show that these are small farms averaging five hectares of farmland, with a high level of labor resources, which are well equipped with traction but have low resources of capital. Their present economic situation is unfavorable.

Improving the income situation of farms in all sectors should be one of the major goals of farm policy. One of the ways of accomplishing this goal is to work for changes in the relationship between production factors, especially between land and labor. It is largely a question of increasing farm size. This will be possible when some of the farmers simultaneously give up running their own farms, but they must have the possibility of entering another vocation.

Some of the farmers are at an age where it is difficult for them to make the transition to another vocation. The production potential on family farms predestines them to assume the following strategy: "Intensively organize, intensively produce." Full adoption of such a strategy can also run into problems. That of the barrier of demand, especially the demand for fruits, vegetables, and meat products, should be considered the most important, because these products would be gained largely through such a strategy. Implementing this strategy also requires seeking out markets on which to sell our farm products abroad.

The domestic market is too small. A mixed strategy would seem the most likely to occur. Part of the larger farms located in the northern and western parts of the country (where greater possibilities exist for augmenting the acreage) will be able to expand in keeping with the strategy: "extensively organize, intensively produce." On the other hand, in the central and southern parts farm development should follow another strategy: "intensively organize, intensively produce." At any rate, however, orientation to the foreign sales market is a condition for the intensive development of our agriculture.

22161

68

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